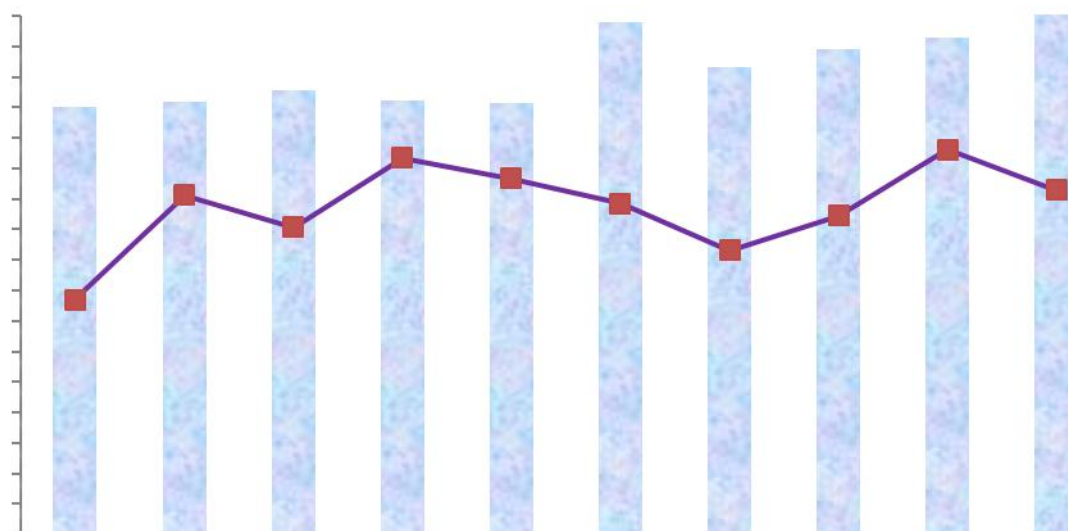




MONTHLY REPORT ON FISCAL-MACRO POSITION

June, 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
at 4.3 percent of GDP.....	7
Table 1.4: Budget Balance (Taka in crore).....	7
1.7 Deficit Financing.....	7
1.8 Net Sales of NSD Certificates	7
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-2.1 Monetary and credit development	9
2.2 Reserve money and money multiplier.....	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 Gross Domestic Product.....	15
Chart 4.1: GDP Growth Rate at current and constant prices	15
Table 4.2: Quantum Index of Industrial Production (Base: 1989-89=100).....	16
Chart 4.2: Quantum Index of Industrial Production	16
4.3 Inflation	16
Table-4.3 Twelve-Months Average Inflation (National) (Base 1995-96)	17

Executive Summary

The June 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 FY13. In June 2013 total revenue earnings grew by 12.34 percent compared to the same period of previous fiscal year. During the same period, total government spending grew by 14.31 percent.

Monetary Sector

Broad Money supply increased by 16.7 percent in June 2013 compared to the same period of previous year mainly due to 13.4 percent growth in domestic credit. Reserve money growth during this period was 15.01 percent.

External Sector

Export growth was 16.31 percent over that of the corresponding period of the previous fiscal. Import payments in June, 2013 increased by 14 percent. The growth in remittance earning was 12.6 percent in Jul-Jun 2013 resulting in an increase in foreign exchange reserve to US\$ 15315.23 million that is equivalent to import payments for 5.22 months.

Real Sector

Provisional real GDP growth in FY13 is 6.18 percent of which agricultural sector, industry sector and service sector growth are estimated at 2.17, 8.99 and 5.73 percent respectively. Per capita GNI in FY13 reached US\$ 923. According to BBS latest estimation (2005-06 base year) per capita GNI is 1044 US\$. In FY13, inflation has come down and In June 2013, the rate of inflation (national) on point-to-point basis was 7.97 percent, of which, food and non-food inflation were 8.53 percent and 6.99 percent respectively. Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 646.08 in June 2012 and became 692.29 in June 2013.

1. FISCAL SECTOR

1.1 Revenue Earnings

Continuing with last year's trend, total revenue earnings grew by 12.34 percent during July-June period of FY13 compared to the same period of last fiscal year (table 1.1). Growth in both NBR and Non-NBR tax revenue was comparatively high (around 13 percent) over the same period of the previous year.

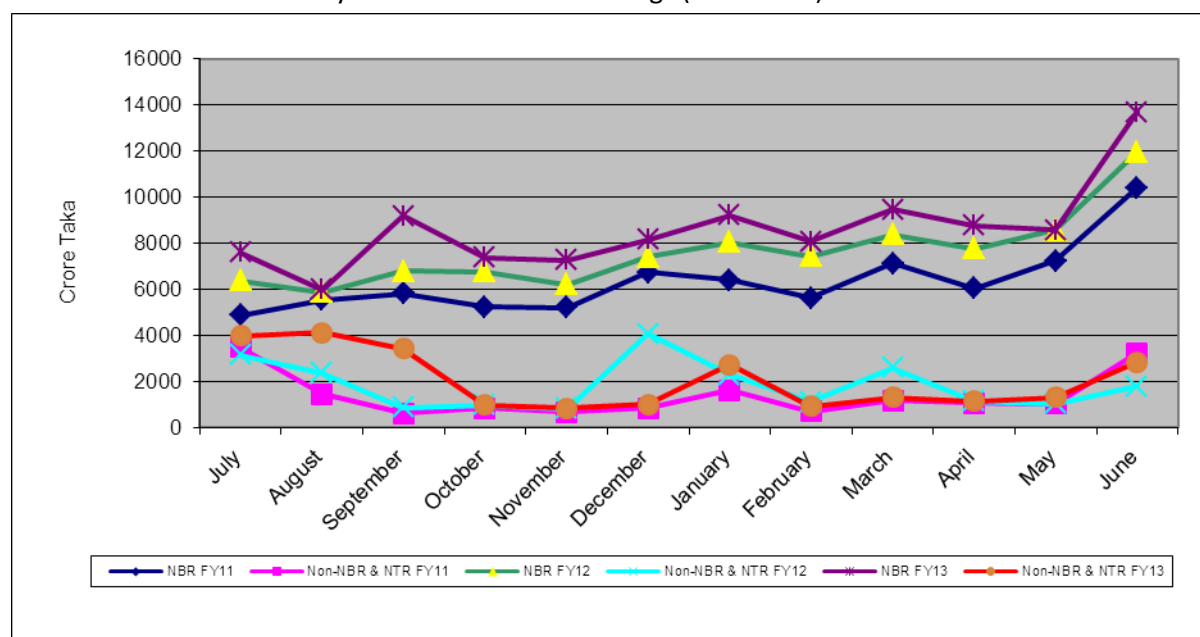
Table 1.1: Revenue Earning

(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 June, FY12	91595	3633	19446	114674
July to June, FY13	103338	4121	21365	128824
Growth(%) over July to June, FY12	12.82	13.43	9.87	12.34

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. Again, total grant receipt also increased by around 84 percent to TK. 6599 crore during July- June of FY13 against TK. 3592 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 June, FY12
			July to June	July to June	
2450	3560	45.3	3592	6599	83.71

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

1.3 Government Expenditure

Total government expenditure, comprising of current and ADP expenditure, increased by 14.31 percent during July-June period of FY13 compared to the same period of previous fiscal year. According to iBAS database, development spending grew by 30.7 percent in June 2013 compared to June 2012 (table-1.3). The current spending, on the other hand grew by 11.65 percent in June 2013 compared to the corresponding month of 2012. Of current spending, spending on goods and services and interest payment grew at a high rate of 18.09 percent and 17.92 percent respectively. Spending on subsidy and transfer increased moderately (11 percent). As percentage of GDP, government expenditure stood at 16.74 percent during July-June of FY13, slightly increasing from 16.67 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. 50026 Crore during July-June of FY13, recording 31.56 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures

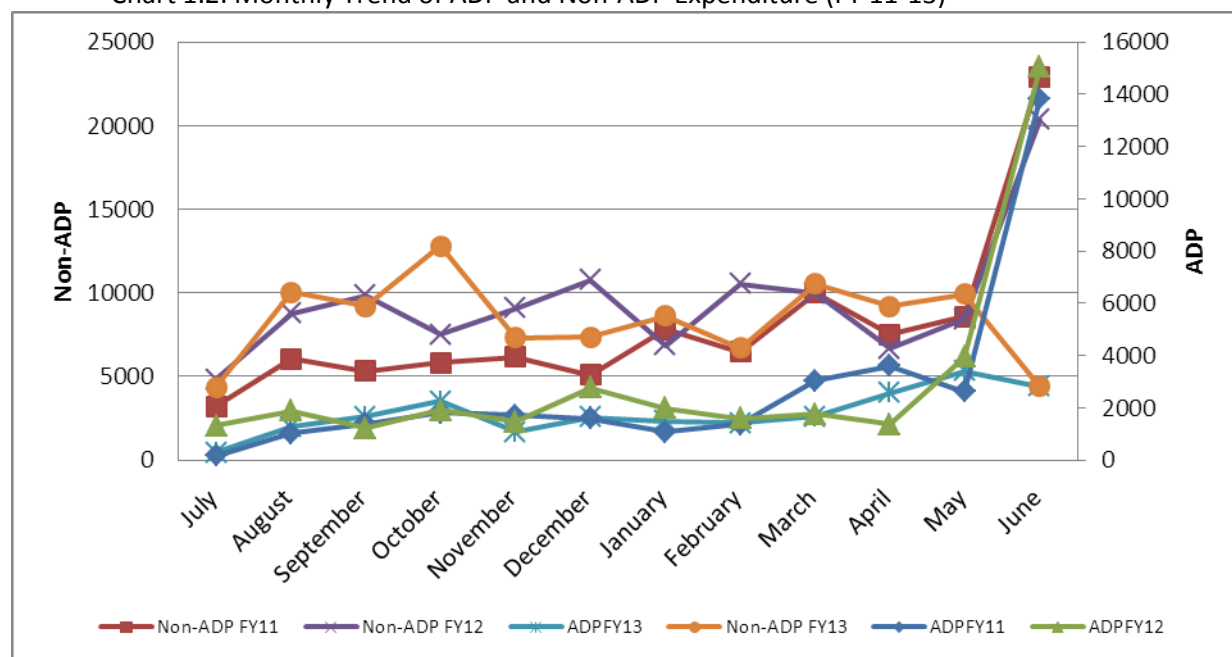
(Taka in crore)

	2010-11	2011-12	Growth	2011-12	2012-13	Growth (%) over July to June, FY12
				July to June	July to June	
1. Current Spending	77479	88222	13.9	89296	99698	11.65
Pay and Allowances	19918	20877	4.8	21065	21725	3.13
Goods and Services	10160	10772	6	11081	13086	18.09
Interest Payment	15637	20137	28.8	20350	23997	17.92
Domestic	14214	18589	30.8	18803	22505	19.69
Foreign	1423	1548	8.8	1548	1492	-3.62
Subsidy and Transfer	31483	36259	15.2	36627	40655	11.00
Others	281	177	-37	172	236	37.21
2. Food Accounts	2383	1233	-48.3	1233	-443	-135.93
3. Non-ADP Capital & Spending	15132	24191	59.9	24389	25962	6.45
Non-ADP Capital	5390	6963	29.2	7164	5655	-21.06

Net Lending	7256	14060	93.8	14061	16963	20.64
Non-ADP Project	866	1465	69.2	1465	1456	-0.61
FFW	719	1144	59.1	1144	1299	13.55
Structural Adjustment	37	0	-100	0	0	-
Development Expenditure under Revenue Budget	864	559	-35.3	555	590	6.31
4. Development Spending	33282	36269	9	37532	49056	30.70
Total (1+2+3+4)	128276	149915	16.9	152450	174273	14.31
Total Spending (Percent of GDP)	16.3	16.4		16.67	16.74	

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

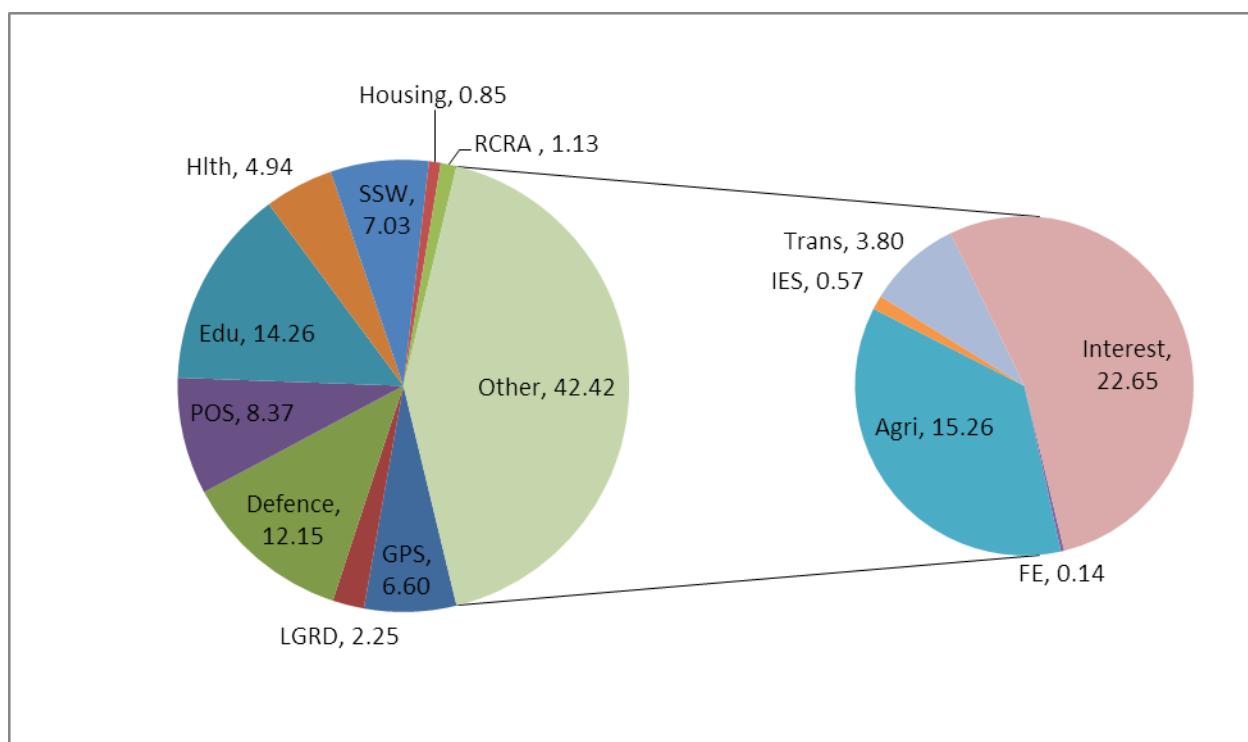
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 11-13)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July to June, FY13) shows (chart 1.3) that Interest payment (22.65%) was the highest spending item followed by agriculture sector (15.26%) and Education and Technology sector (14.26%).

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

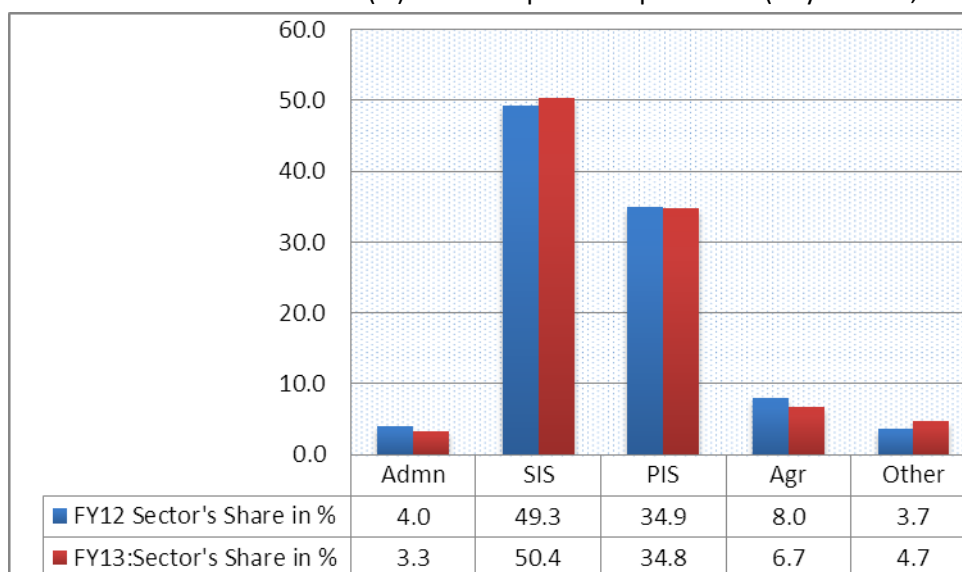


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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- June of FY13, highest share of spending went to Social Infrastructure (50.4%) followed by expenditure on Physical Infrastructure (34.8%) and Agricultural sector (6.7%).

Chart 1.4: Sector wise share (%) of Development expenditure (July to June, 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. On the other hand overall budget deficit of current FY13 has slightly increased and stood at 4.3 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- June, FY12	-37775	-4.13
July- June, FY13	-45451	-4.36

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-June, share of external financing has gone up compared to the same period of the previous fiscal. Bank borrowing has increased slightly 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- June, FY12	7217	27191	3368	37776	4.13
July- June, FY13	12824	27430	5143	45397	4.36

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

1.8 Net Sales of NSD Certificates

Sale of NSD certificate during July-June of FY 13 stood at Tk. 23326.77 crore which is around 23 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-June FY13 stood at TK. 772.84 crore against TK. 479.02 crore during the same period of preceding year.

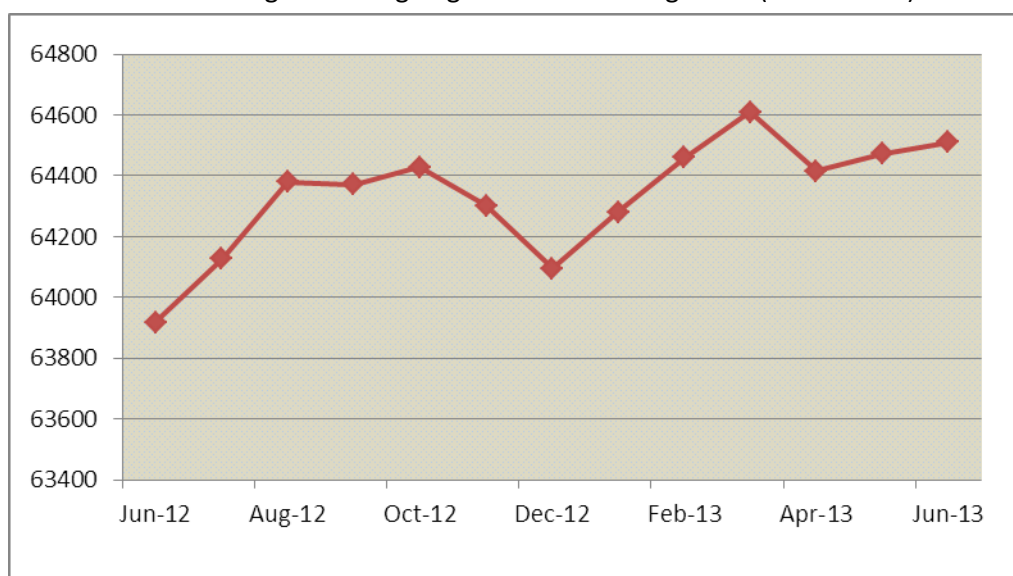
Table 1.6 Net Sales of NSD Certificates

(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				
June	1942.18	1904.53	37.65	64510.43
July-June	23326.77	22553.93	772.84	64510.43
Growth (%) (July-June)	23.06	22.07	61.33	0.93

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 FY 2013 was 16.7 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 43.83 and 11.83 percent increase respectively. During the month, domestic credit expanded (13.4 percent), due to growth of credit to private sector (11.1 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	June, 2013	FY 2011-12	FY 2013-13
Net Foreign Assets of Banking System	70620.0	78860.3	113364.5	8198.7 (11.61)	34545.8 (43.83)
Net Domestic Assets of Banking System	369899.9	438249.2	490140.9	68390.90 (18.49)	51850.1 (11.81)
Domestic Credit	433525.9	518214.3	588281.5	84890.5 (19.56)	69946.1 (13.49)
Public Sector	92813.2	110312.7	135356.4	17620.6 (18.99)	24922.6 (22.57)
Govt. (net)	73436.1	91906.8	110334.6	18591.8 (25.32)	18306.7 (19.89)
Other Public Sector	19377.1	18405.9	25021.8	-971.2 (-5.01)	6615.9 (35.94)
Private Sector	340712.7	407901.6	452925.1	67188.9 (19.72)	45023.5 (11.04)
Net other items	-63626.0	-79965.1	-98140.6	-16418.6 (25.8)	-18096.0 (22.6)
Broad Money	440519.9	517109.5	603505.4	76589.6 (17.39)	86395.9 (16.71)

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

2.2 Reserve money and money multiplier

Reserve money grew by 15.01 percent in FY 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 (June)	FY 2011-12	FY 2012-13
Reserve money	89734.4	97802.7	112481.5	8068.3 (8.99%)	14678.8 (15.01%)
Reserve money multiplier	4.91	5.33	5.37	0.38	0.08

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export and its Components

Total export receipts during July-June of FY13 increased by USD 2725.46 million to USD 27027.36 million achieving 11.22 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	
			June	July-June
Export	22928.2	24287.6	2696.36	27027.36
Growth (%)*	41.5	5.9	16.31	11.22

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

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

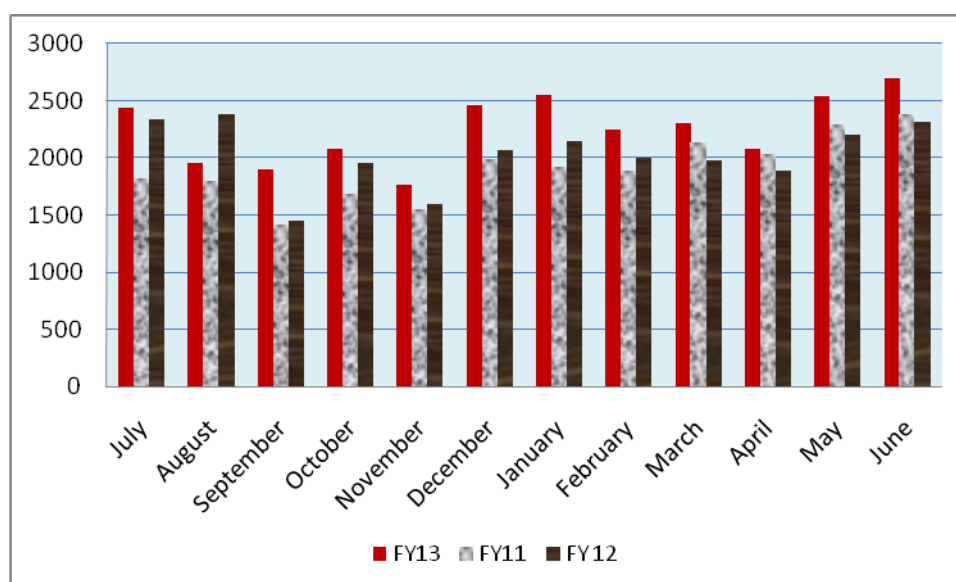
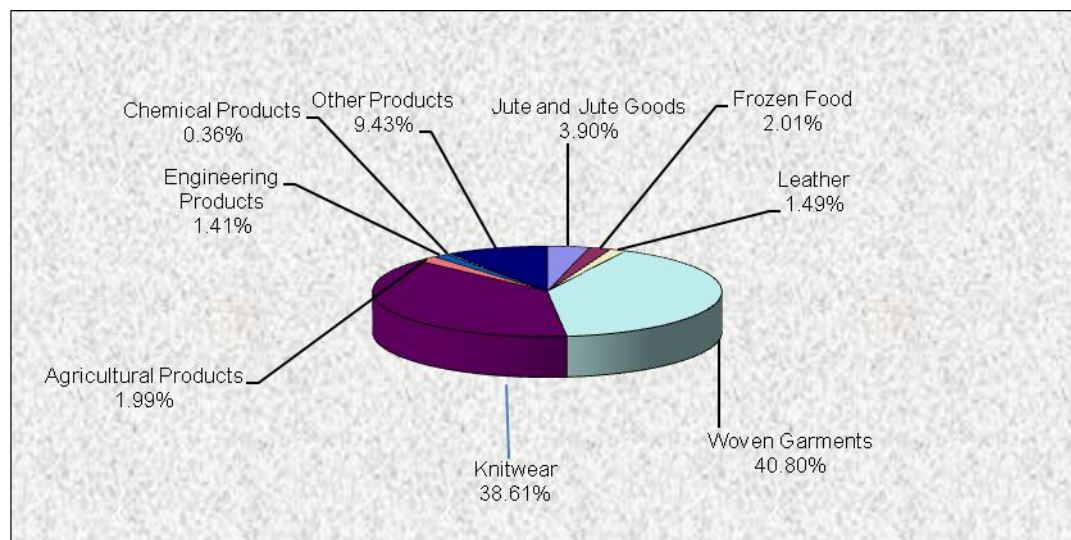


Chart 3.2: Structure of Exports (July-June, FY13)



3.2 Imports (c & f)

Import payments in Jul-Jun, 2013 was 33980.6 US\$ million or -4.3 percent to the figure in June 2012. Fresh opening of import LCs and LC's settled decreased in this period.

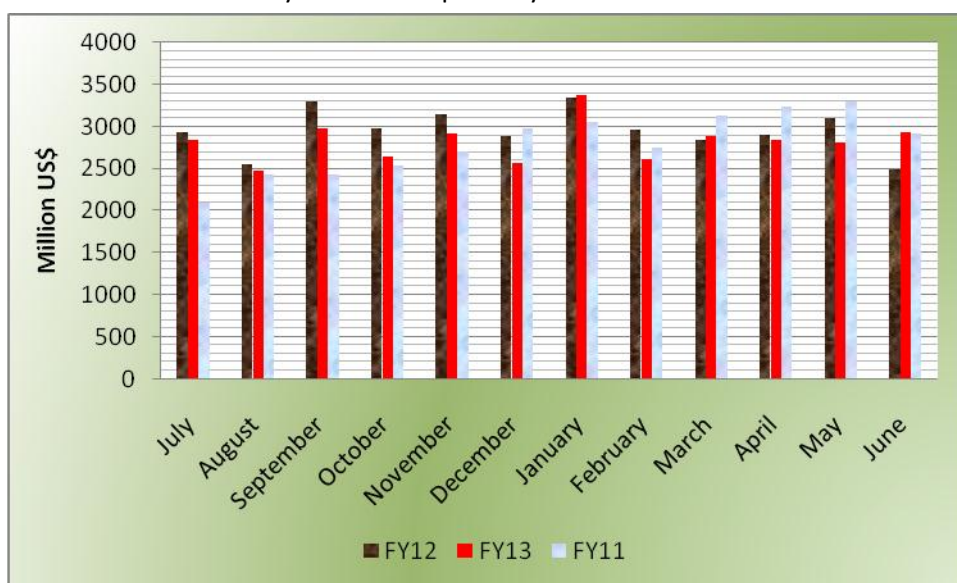
Table 3.2: Import Scenario

(In million US\$)

	2010-11	2011-12	2012-13	
			June	July- June
Import payments	33657.5	35516.3	2927.1	33980.6
Growth (%)	41.8	5.5	13.97	-4.3
LCs Opened	38582.3	37035.8	2867.8	35984.6
Growth (%)	34.0	-4.0	-15.7	-2.8
LCs Settled	31953.1	34814.5	2876.1	32356.7
Growth (%)	38.6	8.9	20.5	-7.1

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 June 2013 stood at USD 1058.24 million indicating -1.17 percent growths against June 2012. The respective growth was healthy 12.6 percent during July-June of FY13 compared to the corresponding period of the previous fiscal.

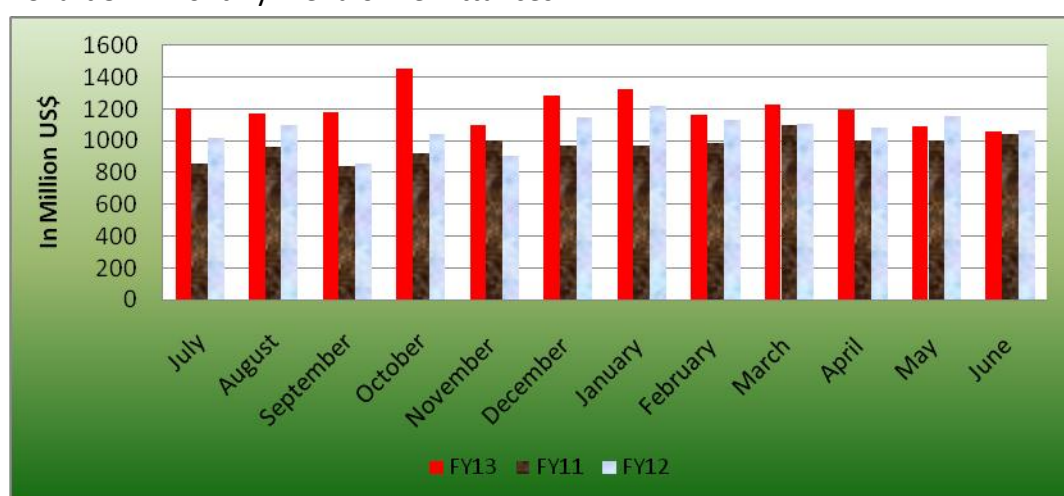
Table-3.3: Remittance Performance

(In million US\$)

	2010-11	2011-12	2012-13	
			June	July- June
Remittances	11650.3	12843.4	1058.24	14461.14
Growth (%)	6.0	10.2	-1.17	12.6
As % of GDP	10.4	11.1	-	-
As % of Export	50.8	52.8	60.7	46.4

Source: Bangladesh Bank and EPB

Chart 3.4: Monthly Trend of Remittances



3.4 Exchange Rate Movements

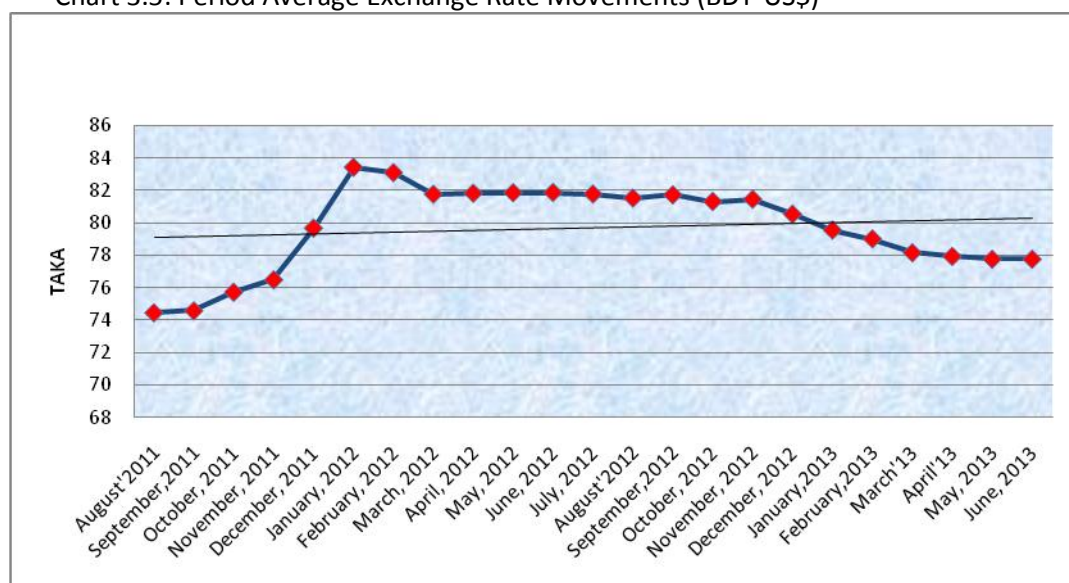
The exchange rate movement (monthly average) from August 2011 to June 2013 has been shown in Chart 3.5 (BDT against USD). Exchange rate of Taka per USD remains market based and volatility is reduced since June 2012. However, at the end of June 2013, Taka has appreciated by 0.01 percent from its level at the end of June 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
April	78.03	77.93
May	77.84	77.75
June	77.75	77.75

Source: Bangladesh Bank

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



3.5 External Reserve

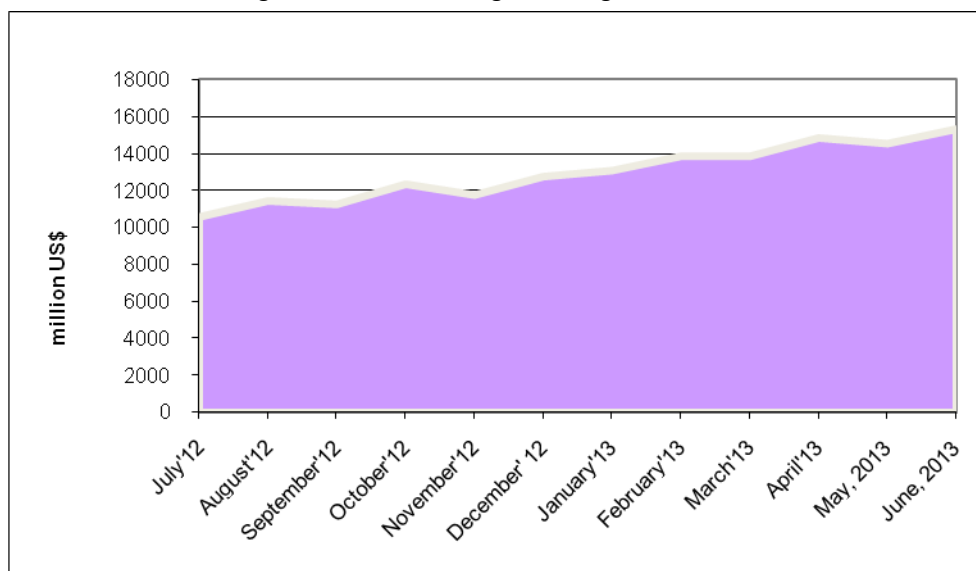
The gross foreign reserves (with ACU liability of USD 717.81 million) increased substantially and stood at USD 15315.23 million by the end of June 2013. Gross foreign reserves, without ACU liability was equivalent to import payments of 5.22 months based on the preceding 12 months average (July-June 2012-13).

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

	2010-11	2011-12	As on end of June, 2013
Reserve	10911.5	10364.43	15315.23
In month of import payment	3.9	3.2	5.22

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 FY13 was in surplus. Both financial account surplus of USD 2779 million and current account surplus of USD 2525 million accounted for a surplus of USD 5128 million in overall balances during July-June 2012-13 against a surplus of USD 494 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-June)	2012-13 ^P (July-June)
Trade Balance	-7744	-7995	-9320	-7010
Current Account Balance	885	1630	-447	2525
Capital Account	642	469	482	588
Financial Account	-1920	-955	1436	2779
Overall Balance	-656	494	494	5128

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

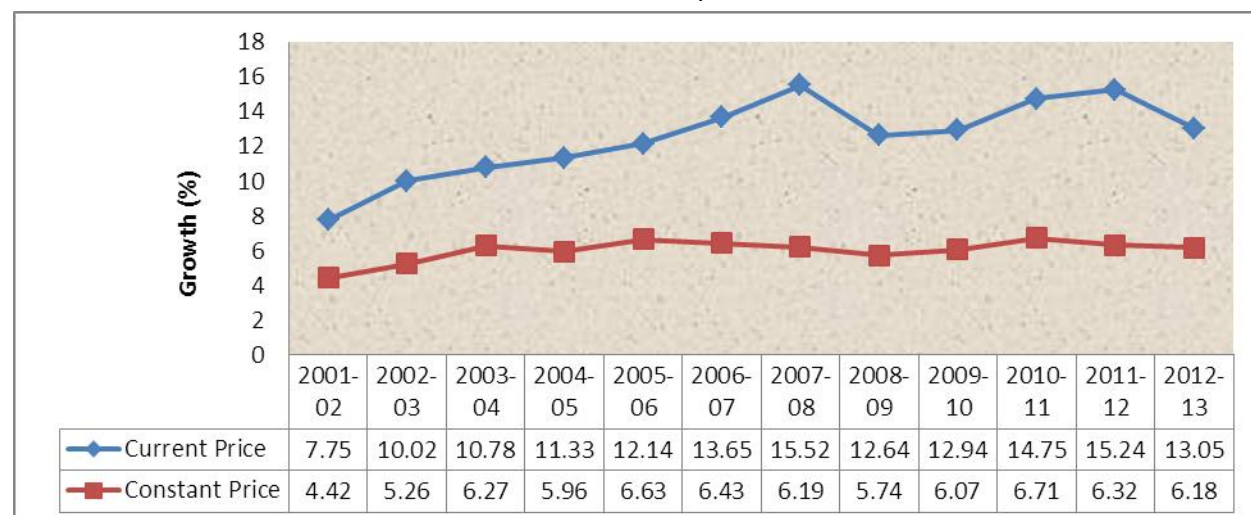
Provisional real GDP growth in FY13 is 6.18 percent of which agricultural sector, industry sector and service sector growth are estimated at 2.17, 8.99 and 5.73 percent respectively. Per capita GNI in FY13 reached US\$ 923. According to BBS latest estimation (2005-06 base year) per capita GNI is 1044 US\$.

Table 4.1 Gross Domestic Product

	2008-09	2009-10	2010-11	2011-12	2012-13 ^P
GDP at constant prices (Billion TK.)	3401.9	3608.5	3850.5	4090.5	4337.2
Growth (%)	5.74	6.07	6.71	6.32	6.18
Agriculture	4.10	5.24	5.13	3.11	2.17
Industry	6.46	6.49	8.20	8.90	8.99
Service	6.32	6.47	6.22	5.96	5.73
GDP at current prices (Billion TK.)	6147.9	6943.2	7967.0	9181.4	10379.9
Growth (%)	12.60	12.94	14.75	15.24	13.05
GNI at current prices	6706.9	7589.3	8692.2	10074.5	11424.8
Per capita GDP (Tk.)	42628	47536	53238	60571	67577
Per capita GNI (Tk.)	46504	51959	58083	66463	74380
Per capita GDP (US\$)	620	687	748	766	838
Per capita GNI (US\$)	676	751	816	840	923

Source: Bangladesh Bureau of Statistics, P= provisional

Chart 4.1: GDP Growth Rate at current and constant prices



4.2 Quantum Index of Industrial Production

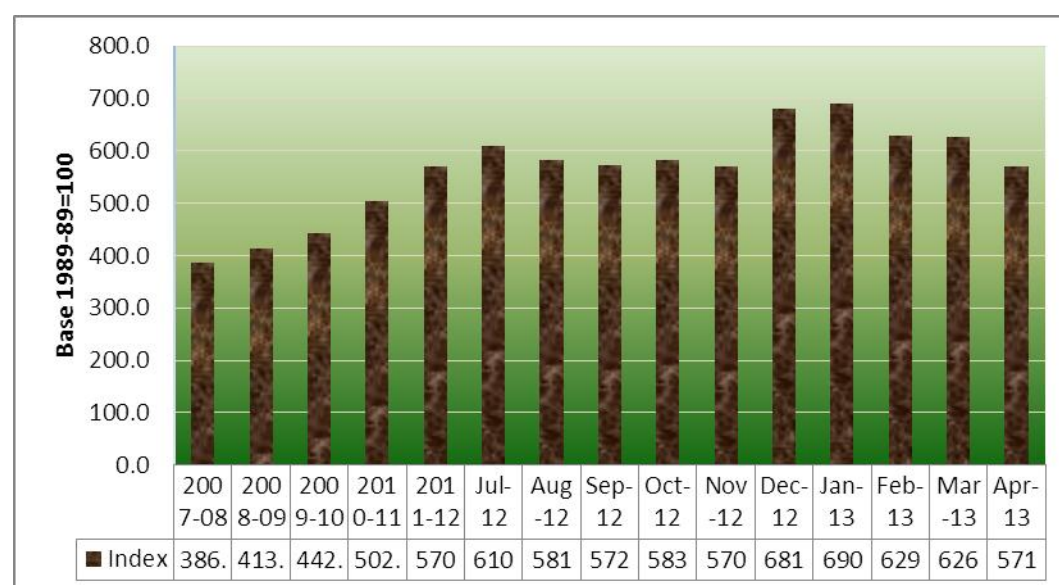
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 646.08 in June 2012 and became 692.29 in June 2013 (table 4.1). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 13.43 percent in FY 12 which was 13.74 percent in FY 11.

Table 4.2: 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
June, 2012	646.08	11.34
June, 2013	692.29	7.15

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

Chart 4.2: Quantum Index of Industrial Production



Source: BBS

4.3 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. In June 2013, the rate of inflation (national) on point-to-point basis was 7.97 percent, of which, food and non-food inflation were 8.53 percent and 6.99 percent respectively.

Table-4.3 Twelve-Months Average Inflation (National) (Base 1995-96)

FY	Twelve-Months Average Basis		
	National	Food	Non-Food
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
April	7.85	7.16	9.28
May	7.75	7.23	8.81
June	7.70	7.35	8.43

Source: Bangladesh Bureau of Statistics

Chart 4.3: Trends of Point to Point Inflation (Base 1995-96)

