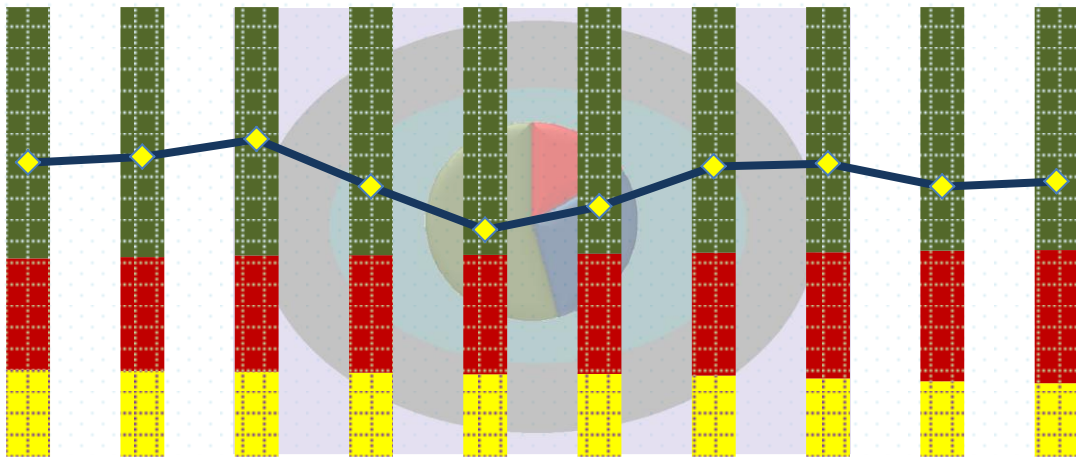




# MONTHLY REPORT ON FISCAL-MACRO POSITION

January, 2015



**Prepared by:**  
Macroeconomic Wing  
Finance Division, Ministry of Finance, Bangladesh

**Contributed by:**  
Farid Ahmed, Assistant Chief, Finance Division  
Sheikh Farid, Senior Assistant Secretary, Finance Division  
Chowdhury Zia Uddin Hayat, Senior Assistant Secretary, Finance Division

**Guided by:**  
Moinul Islam, Additional Secretary  
Finance Division, Ministry of Finance, Bangladesh

Vol. VIII, No. 07, January 2015, FY14-15

As of April, 2015

## Contents

1.	FISCAL SECTOR.....	03
1.1	Revenue Earnings.....	03
1.2	Grants.....	03
1.3	Government Expenditure.....	04
1.4	Structure of Revenue Expenditure.....	05
1.5	Structure of ADP Expenditure.....	06
1.6	Budget Deficit.....	06
1.7	Deficit Financing.....	06
1.8	Net Sales of NSD Certificates.....	07
2	MONETARY SECTOR.....	07
2.1	Monetary and credit development.....	08
2.2	Reserve money and money multiplier.....	08
3	EXTERNAL SECTOR.....	08
3.1	Export.....	08
3.2	Imports (c & f).....	09
3.3	Remittance .....	10
3.4	Exchange Rate Movements.....	11
3.5	External Reserve .....	11
3.6	Balance of Payments .....	12
4	REAL SECTOR.....	13
4.1	Real Sector Indicators.....	13
4.2	Quantum Index of Industrial Production.....	13
4.3	Inflation.....	14

## List of Tables

Table	1.1	Revenue Earnings.....	03
Table	1.2	Grants.....	03
Table	1.3	Government Expenditure.....	04
Table	1.4	Budget Balance.....	06
Table	1.5	Deficit Financing .....	06
Table	1.6	Net Sales of NSD Certificates .....	07
Table	2.1	Monetary and credit development.....	08
Table	2.2	Reserve money and money multiplier.....	08
Table	3.1	Export Performance.....	09
Table	3.2	Import Scenario.....	09
Table	3.3	Remittance Performance .....	10
Table	3.4	Exchange Rate Movements (Taka per US\$).....	11
Table	3.5	Foreign Exchange Reserve .....	12
Table	3.6	Balance of Payments .....	12
Table	4.1	Real sector indicators.....	13
Table	4.2	Quantum Index of Industrial Production (Base: 2005-06=100)...	14
Table	4.3	Twelve-Months Average Inflation (National) (Base 2005-06) ...	14

## List of Charts

Chart	1.1:	Monthly Trend of Revenue earnings	03
Chart	1.2	Monthly Trend of ADP and Non-ADP Expenditure (FY 13-15)	05
Chart	1.3	Sector wise share of Non-Development expenditure (July-January, FY 15)	05
Chart	1.4	Sector wise share (%) of Development expenditure (July-January, FY15)	06
Chart	1.5	Outstanding borrowing of government through NSD (Crore TK.)	07
Chart	3.1	Monthly Trend of Export	09
Chart	3.2	Monthly Trend of Import Payments	10
Chart	3.3	Monthly Trend of Remittances (Million US\$)	10
Chart	3.4	Period Average Exchange Rate Movements	11
Chart	3.5	Gross Foreign Exchange Reserve at the end of the month	12
Chart	4.1	GDP Growth Rate at current and constant prices (Base year 2005-06)	13
Chart	4.2	Quantum Index of Industrial Production (Base: 2005-06=100)	14
Table	4.3	Trends of Point to Point Inflation (Base 2005-06=100)	15

## **Executive Summary**

The January 2015 issue of the report on 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 earnings posted notable growth by the end (July-June) of FY14. During July to January of the current FY15, total revenue collection increased by 2.65 percent compared to the same period of previous fiscal year, whereas total government spending increased by 1.10 percent.

### **Monetary Sector**

Broad Money growth was 12.97 percent in January 2015 compared to January 2014 mainly due to 22.68 percent growth in NFA. Reserve money growth in January 2015 over January 2014 was 14.85 percent.

### **External Sector**

Export earnings increased by 2.06 percent in January 2015 compared with the same month of last fiscal. Import payments accelerated by 16.46 percent in January 2015 compared to January 2014 while the remittance receipt increased by 8.68 percent during the July- January of FY15 compared with the same period of previous fiscal year. Foreign exchange reserve slightly decreased to US\$ 22042.3 in January 2015 from US\$ 22309.80 million at the end of December.

### **Real Sector**

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY14 was 6.12 percent (Base year 2005-06). Per capita GNI in FY14 reached US\$ 1190. The average rate of inflation (12-month average basis) was 7.35 percent. On point to point basis, inflation was 6.04 percent in January 2015, of which, food and non-food inflation were 6.07 percent and 6.01 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 213.22 in January 2014 and became 222.57 in January 2015.

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

Total revenue earnings posted negative growth in the first four months of the current fiscal year (FY15). Both NBR and Non-NBR tax revenue growth was positive and close to prior year growth rates over the same period of earlier year. The dip in revenue growth was mainly due to less than expected growth in Non-Tax Revenue.

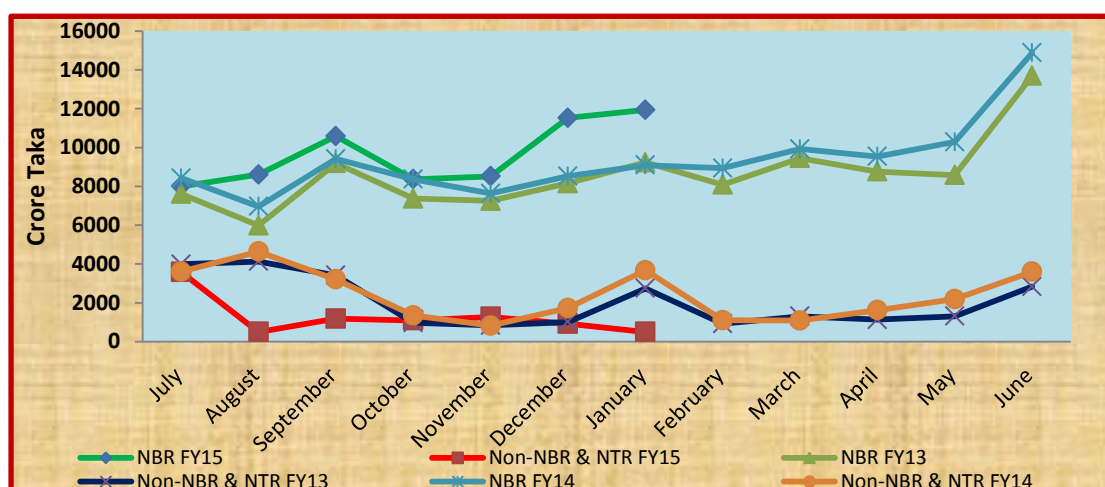
Table 1.1: Revenue Earning

(Taka in Crore)

Period	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2012-13 (Actual)	103332	4121	20676	128129
2013-14 (Actual)	111961	4610	25032	141603
Growth (%)	8.35	11.87	21.07	10.52
July-January, FY14	60749	2359	16717	77465
July-January, FY15	68614	2599	10901	79515
Growth(%) over July-October, FY14	12.95	10.17	-34.79	2.65

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

Chart 1.1: Monthly Trend of Revenue earnings (FY13-FY15)



### 1.2 Grants

Actual grants receipts fell by 10.4 percent in FY 14 compared to FY13. During July-January of FY15, grants receipts decreased by around 15 percent to TK. 466 crore against TK. 551 crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(Taka in crore)

2012-13 (Actual)	2013-14 (Actual)	Growth (%)	2013-14	2014-15	Growth (%) over July-January, FY14
			July-Jan	July-Jan	
6879	6165	-10.4	551	466	-15.4

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

### 1.3 Government Expenditure

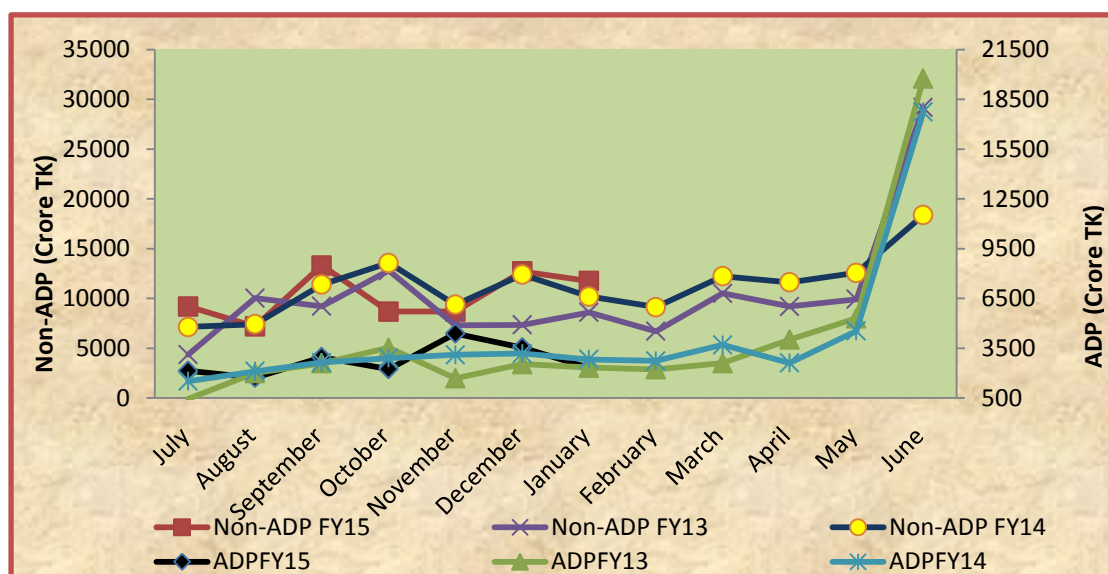
Total government expenditure, comprising current and ADP expenditure, decreased in the initial seven months of current FY15 by 1.10 percent compared to the same period of previous fiscal year. According to iBAS database, development spending increased by 5.71 percent in July-January period of FY15 compared to same period of last fiscal (Table-1.3). The current spending, on the other hand grew by 5.90 percent compared to the corresponding period of FY14. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure stood at TK. 25858 Crore during the first seven months (July-January) of FY15, recording 18.31 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures (Crore Taka)

	2012-13	2013-14	Growth (%)	2013-14 July-January	2014-15 July-January	Growth (%) over July-January, FY14
<b>1. Current Spending</b>	<b>99374</b>	<b>110946</b>	<b>11.64</b>	<b>55672</b>	<b>58958</b>	<b>5.90</b>
Pay and Allowances	21634	26382	21.95	15053	17148	13.92
Goods and Services	13024	15701	20.55	6054	6183	2.13
Interest Payment	23915	27632	15.54	15419	15669	1.62
Domestic	22322	26027	16.60	14426	14686	1.80
Foreign	1593	1604	0.69	993	983	-1.01
Subsidy and Transfer	40617	40995	0.93	19046	19860	4.27
Others	184	236	28.26	100	97	-3.00
<b>2. Food Accounts</b>	<b>-440</b>	<b>2435</b>	<b>-</b> <b>653.41</b>	<b>4008</b>	<b>3374</b>	<b>-15.82</b>
<b>3. Non-ADP Capital &amp; Spending</b>	<b>25605</b>	<b>25574</b>	<b>-0.12</b>	<b>11919</b>	<b>9208</b>	<b>-22.75</b>
Non-ADP Capital	4943	14028	183.80	7523	5637	-25.07
Net Lending	16964	7724	-54.47	3778	2366	-37.37
Non-ADP Project	1802	2078	15.32	371	1056	184.64
FFW	1299	1027	-20.94	0	0	
Structural Adjustment	0	0	-	0	0	
Development Expenditure under Revenue Budget	597	717	20.10	246	149	-39.43
<b>4. Development Spending</b>	<b>49473</b>	<b>54967</b>	<b>11.11</b>	<b>18293</b>	<b>19337</b>	<b>5.71</b>
<b>Total (1+2+3+4)</b>	<b>174012</b>	<b>193922</b>	<b>11.44</b>	<b>89892</b>	<b>90877</b>	<b>1.10</b>
<b>Total Spending (Percent of GDP)</b>	<b>14.51</b>	<b>14.35</b>		<b>6.65</b>	<b>5.94</b>	

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

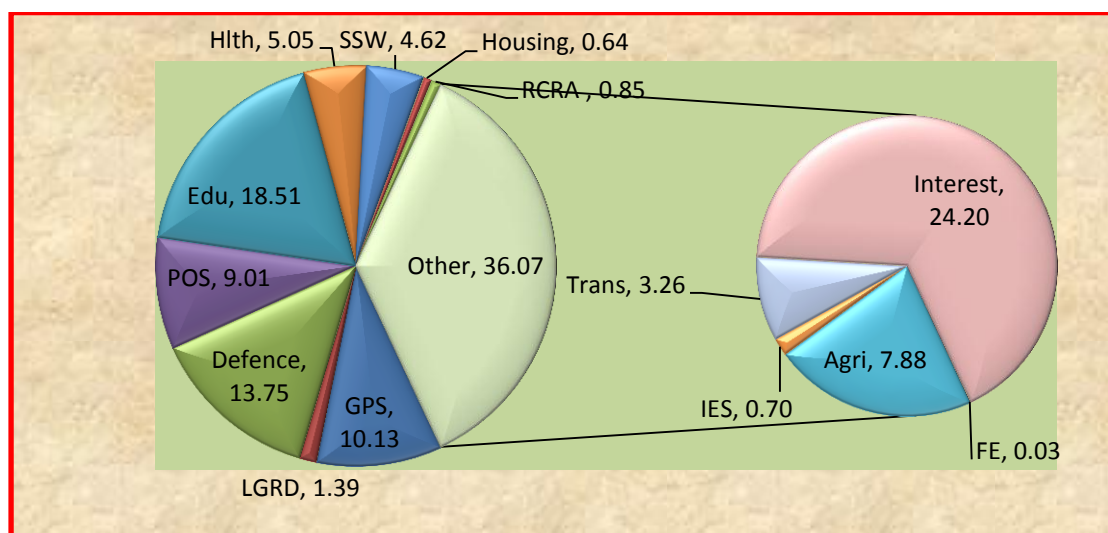
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 13-15)



### 1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-January, FY15) shows (chart 1.3) that interest payment (24.2%) was the highest spending item followed by education and technology sector (18.5%).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July-January, FY 15)

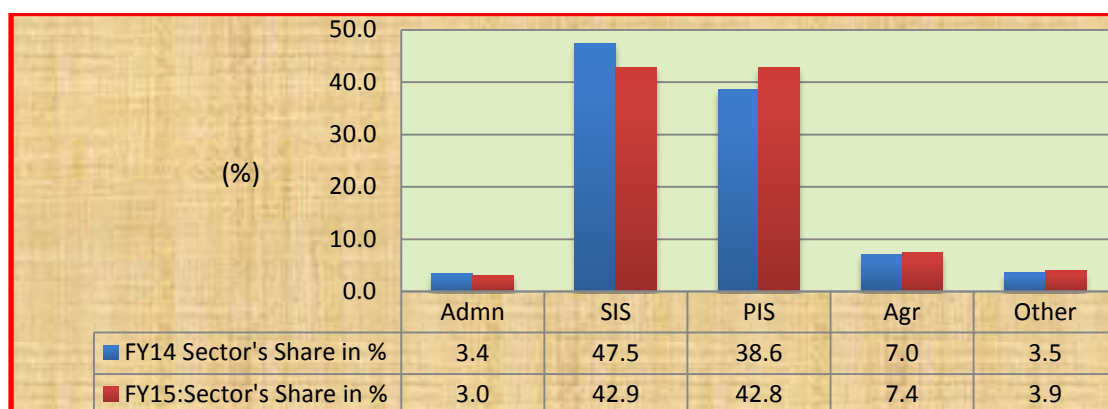


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 the first seven months of current fiscal year (FY15), highest share of spending went to Social Infrastructure (42.9%) followed by expenditure on Physical Infrastructure (42.8%).

Chart 1.4: Sector wise share (%) of Development expenditure (July-January, FY15)



Admn = General Public Services, Defense, 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 including grants at the end of FY14 stood at 3.4 percent of GDP (Base year 2005-06), which was 3.3 percent in FY13. Overall budget deficit including grants during the first seven months of the current fiscal year stood at -0.74 percent of GDP.

Table 1.4: Budget Balance

(Taka in crore)

Year	Overall Balance	Overall Balance as % of GDP
2012-13	-39005	-3.3
2013-14	-46148	-3.4
July-January, FY14	-12427	-0.92
July-January, FY15	-11363	-0.74

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

## 1.7 Deficit Financing

Budget deficit was mainly financed by domestic bank borrowings during FY13, whereas in FY14, budget deficit was mainly financed by non-bank borrowings (table 1.5). In the period of July to January of the current fiscal (FY15), net financing from non-bank source was higher than the figure of same period of the last fiscal.

Table 1.5: Deficit Financing

(In Crore Taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2012-13	5812	27464	5729	39005	3.3
2013-14	3271	18168	24718	46157	3.4
July-January, FY14	1612	8732	2086	12430	0.92
July-January, FY15	1501	3359	6505	11366	0.74

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



## 1.8 Net Sale of NSD Certificates

Sale of NSD certificate during July to January of current FY15 stood at Tk. 22945.16 crore which was 77.4 per cent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 15738.94 crore by end of January 2015 (table 1.6).

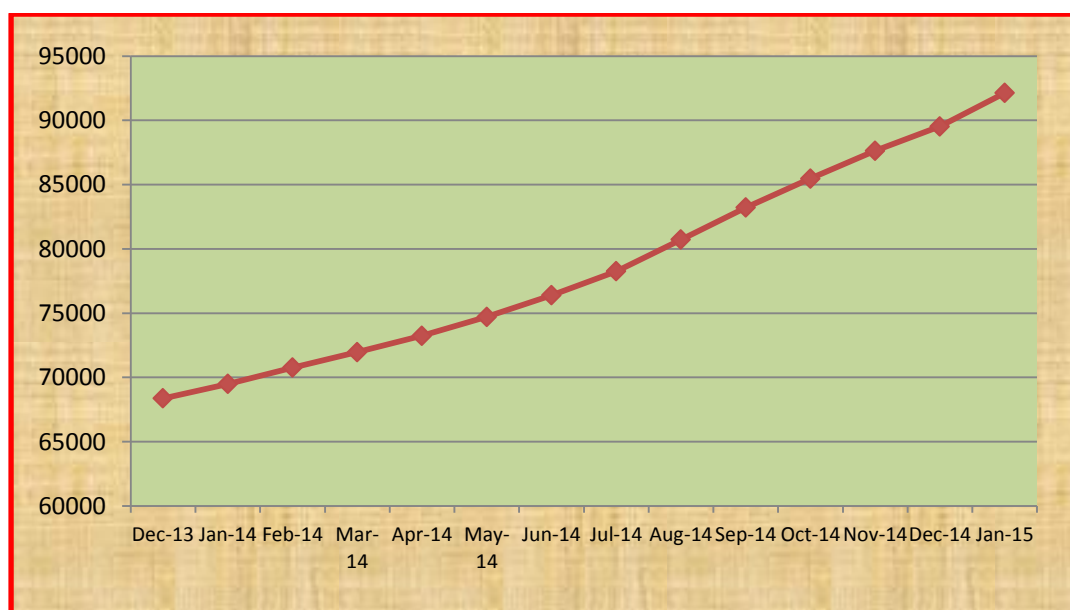
Table 1.6 Net Sales of NSD Certificates

(Taka in crore)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2012-13	23326.77	22553.93	772.84	64690.18
2013-14	24309.59	12602.29	11707.30	76397.48
Growth (%)	4.21	-44.12	1415	18.10
July-January, FY14	12701.80	7718.36	4983.44	64460.11
July-January, FY15	22945.16	7206.22	15738.94	70935.79
Growth (%)	77.39	-13.21	236.35	32.83

Source: National Savings Directorate

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



## 2. MONETARY SECTOR

### 2.1 Monetary and credit development

Broad money (M2) growth in January 2015 was 12.97 percent (table 2.1) compared to the previous fiscal. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 22.68 and 10.40 percent increase respectively. During the month of January 2015, domestic credit expansion was quite remarkable (10.82 percent) due to growth of credit to private sector (13.3 percent).



Table 2.1 Monetary and credit development

(Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		Jan 14	Percentage changes	
	Jun-13	Jun-14	Jan-15	July-Jan FY 15	Jan 15 over Jan 13		July-Jan FY 15	Jan 15 over Jan 13
Net Foreign Assets	1133.8	1600.6	1676.6	76.0	309.9	1366.6	4.75	22.68
Net Domestic Asset	4901.2	5405.7	5708.7	303.0	537.7	5171.0	5.61	10.40
Domestic Credit	5717.4	6379.1	6709.9	330.8	655.3	6054.6	5.19	10.82
Public Sector	1195.8	1302.7	1291.1	-11.6	17.7	1273.4	-0.89	1.39
Govt (Net)	1101.2	1175.3	1112.1	-63.2	-37.3	1149.4	-5.37	-3.24
Other Public Sector	94.6	127.4	178.9	51.6	55.0	124.0	40.50	44.36
Private sector	4521.6	5076.4	5418.8	342.4	637.5	4781.3	6.75	13.33
Net Other Item	-816.2	-973.4	-1001.2	-27.8	-117.6	-883.6	2.86	13.31
Broad Money	6035.1	7006.2	7385.3	379.0	847.6	6537.7	5.41	12.97

Source: Monthly Economic Trends, Bangladesh Bank

## 2.2 Reserve money and money multiplier

Reserve money increases by 14.85 percent in January 2015 over January 2014 (table 2.2). At the same time the value of reserve money multiplier decreased to 5.29 at the end of January 2015 from 5.38 in January 2014.

Table 2.2: Reserve money and money multiplier

(Billion BDT)

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June, 2013	June, 2014	January, 2015	July-January 2014-15	January 2015 over January 2014
Reserve money	1124.9	1298.8	1396.3	97.6 (+7.51)	180.5 (+14.85)
Money multiplier	5.36	5.39	5.33	-0.11	-0.09

Source: Bangladesh Bank.

## 3. EXTERNAL SECTOR

### 3.1 Export

Export earnings increased by 2.06 percent and stood at US\$17799.36 million during July-January of FY15 compared with the same period of last fiscal year. In January, 2015 country's export earnings witnessed a positive growth of 4.77 (y-o-y) percent from the same period of the previous fiscal.

Table 3.1: Export Performance

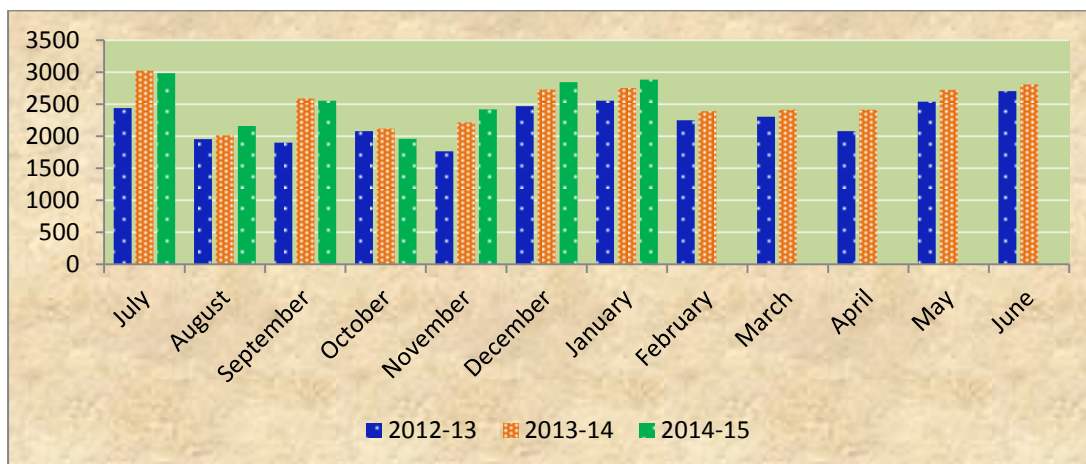
(Million US\$)

	2012-13	2013-14	July-January, 2014-15	January, 2015
<b>Export</b>	27027.36	30186.62	17799.36	2885.15
<b>Growth (%)*</b>	11.21	11.69	+2.06	+4.77

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

Chart 3.1: Monthly Trend of Export

(Million US\$)



### 3.2 Imports (c & f)

During July-January of FY15, import payments grew by 16.46 percent and stood at USD 25886.40 million at the end of the period. In January, 2015 import was 6.21 percent higher than the same month of the previous fiscal year.

Table 3.2: Import Scenario

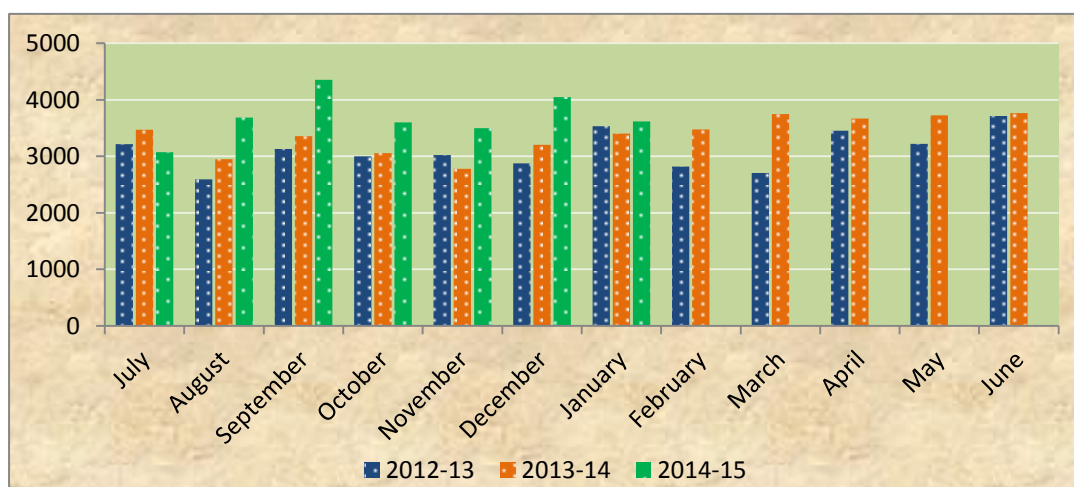
(Million US\$)

Item \ Period	2012-13	2013-14	2014-15 July-January	2014-15 January
<b>Import payments</b>	37289.80	40616.50	25886.40	3617.60
<b>Growth (%)</b>	+0.82	+8.92	+16.46	+6.21
<b>LCs Opened</b>	35961.05	41818.56	24787.08	3501.4
<b>Growth (%)</b>	-2.90	+16.29	+10.55	-3.06
<b>LCs Settled</b>	32358.52	37188.84	22628.95	3037.47
<b>Growth (%)</b>	-7.05	+14.93	+6.65	-11.19

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

Chart 3.2: Monthly Trend of Import Payments

(In million US\$)



### 3.3 Remittance

Remittances receipt decreased by 1.38 percent in January, 2015 and stood at US\$ 1243.25 which was US\$ 1275.07 in January, 2014. Despite, remittance income increased by 8.68 percent during July-January of FY 15 compared to the same period of the previous fiscal year.

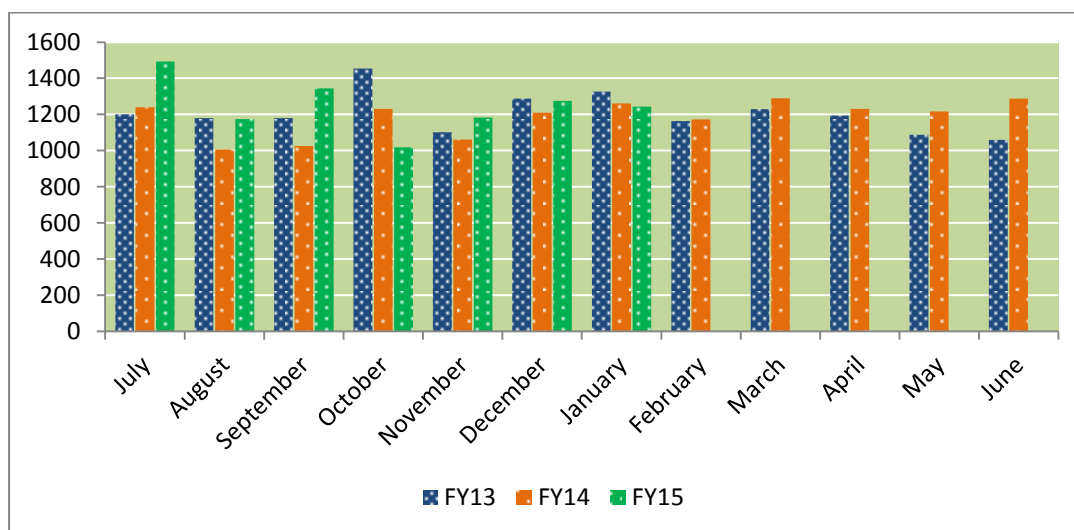
Table-3.3: Remittance Performance

(In million US\$)

	2012-13	2013-14	2014-15 July-January	2014-15 January
Remittances	14461.14	14228.31	8730.41	1243.25
Growth (%)	12.6	-1.61	8.68	-1.38
As % of GDP	9.38	8.19	-	-
As % of Export	53.51	47.13	49.05	44.19

Source: Bangladesh Bank

Chart 3.3: Monthly Trend of Remittances (Million US\$)



### 3.4 Exchange Rate Movements

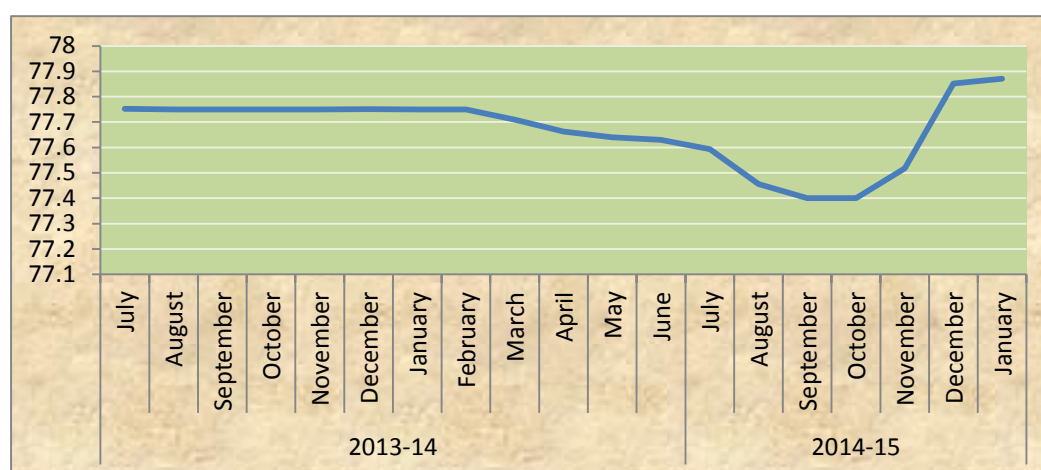
The exchange rate movement (monthly average) from July 2013 to January 2015 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to September, 2014. Recently, it has been depreciated slightly.

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

Period	Average	End of the period
2008-09	68.80	69.06
2009-10	69.18	69.44
2010-11	71.22	74.15
2011-12	81.88	81.82
2012-13	<b>77.75</b>	77.76
2013-14	77.72	77.63
<b>2014-15</b>		
July	77.59	77.52
August	77.46	77.40
September	77.40	77.40
October	77.40	77.40
November	77.51	77.70
December	77.85	77.95
January	77.87	77.80

Source: Bangladesh Bank

Chart 3.4: Period Average Exchange Rate Movements (BDT per US\$)



### 3.5 External Reserve

The gross foreign exchange reserve of Bangladesh Bank decreased to US\$ 22042.3 million in January 2015 which is 1.20 percent lower than the US\$ 22309.80 million in the previous month. The gross foreign exchange balances held abroad by commercial banks increased to US\$ 2204.77 million by end January 2015 against

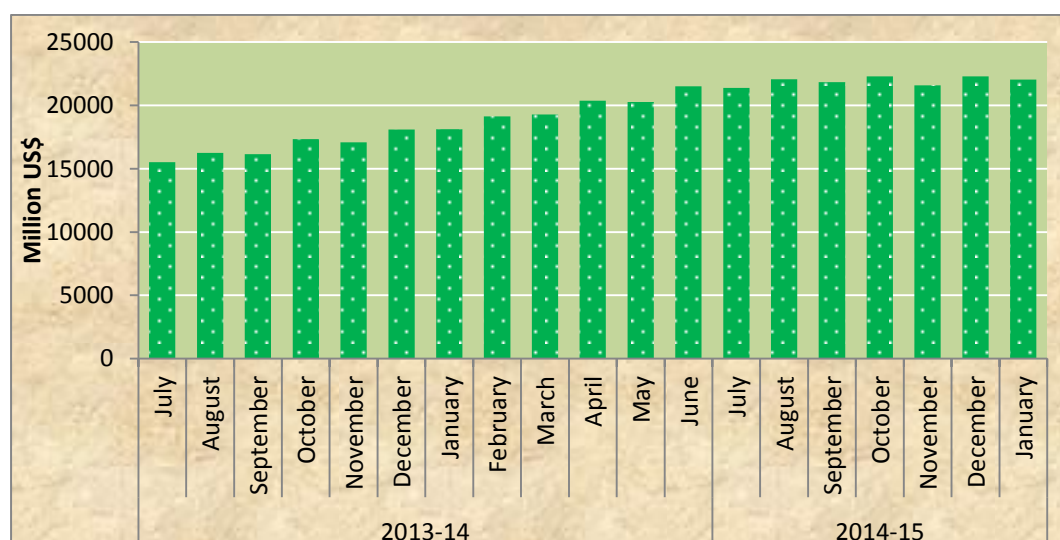
US\$ 2173.30 million by the end December, 2014. This was also significantly higher than the balance of US\$ 1798.08 million at end of January, 2014. The gross foreign exchange reserves, with ACU liability are equivalent to import payments of 5.48 months.

Table 3.5: Foreign Exchange Reserve (Million US\$)

	2011-12	2012-13	2013-14	As on end of January, 2015
Reserve	10364.43	15315.23	21508.0	22042.3
In month of import payment	3.2	4.64	5.89	5.48

Source: Bangladesh Bank.

Chart 3.5: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month



### 3.6 Balance of Payments

The country's trade deficit increased to US\$ 5723 million in the July-January period of the current financial year from US\$ 2790 million in the corresponding period of the FY14. Current account balance was negative US\$ 1337 million. Surplus in both capital and financial account resulted in a surplus of US\$ 1706 million in overall balances during July-January FY15.

Table 3.6: Balance of Payments (Million US\$)

	2012-13 <sup>R</sup> (July-June)	2013-14 <sup>P</sup> (July-June)	2013-14 <sup>R</sup> (July-January)	2014-15 <sup>P</sup> (July-January)
Trade Balance	-7009	-6806	-2790	-5723
Current Account Balance	2388	1547	2541	-1337
Capital Account	629	644	287	306
Financial Account	2863	2788	424	3317
Overall Balance	5128	5483	2760	1706

Source: Bangladesh Bank. R=Revised

## 4. REAL SECTOR

### 4.1 Real Sector Indicators

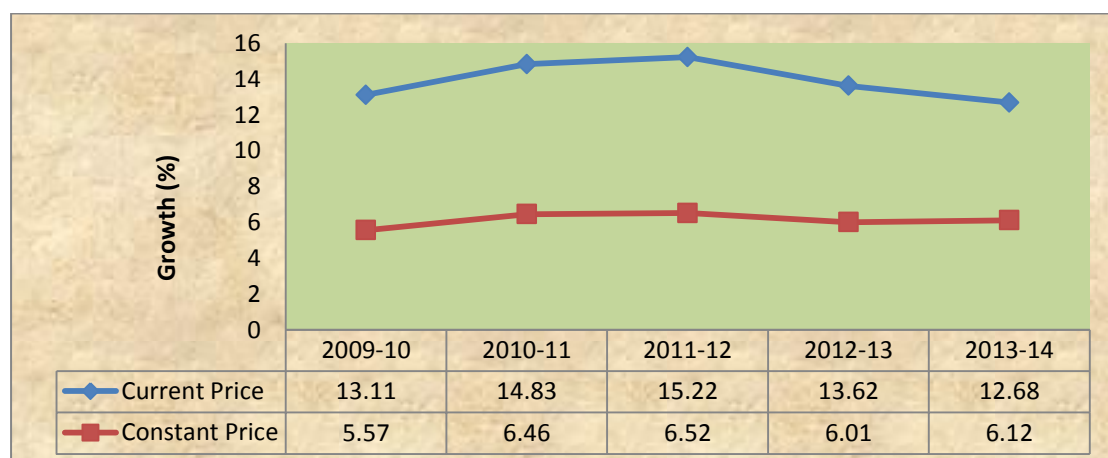
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY14 was 6.12 percent (Base year 2005-06). Per capita GNI in FY14 reached US\$ 1190.

Table 4.1 Real sector indicators

Concepts	Unit	FY 10	FY 11	FY 12	FY 13	FY 14 <sup>p</sup>
GDP at constant prices	Billion BDT	6070.9	6463.4	6884.9	7298.9	7745.3
Growth	%	5.57	6.46	6.52	6.01	6.12
GDP at current prices	Billion BDT	7975.3	9158.2	10552.1	11989.2	13509.2
Growth	%	13.11	14.83	15.22	13.62	12.68
GNI at current prices	Billion BDT	8621.4	9883.4	11445.1	12953.5	14409.3
Per capita GDP	BDT	53961	61198	69614	78009	86731
Per capita GNI	BDT	58332	66044	75505	84283	92510
Per capita GDP	US\$	780	860	880	976	1115
Per capita GNI	US\$	843	928	955	1054	1190

Source: Bangladesh Bureau of Statistics, P= provisional

Chart 4.1: GDP Growth Rate at current and constant prices (Base year 2005-06)



### 4.2 Quantum Index of Industrial Production

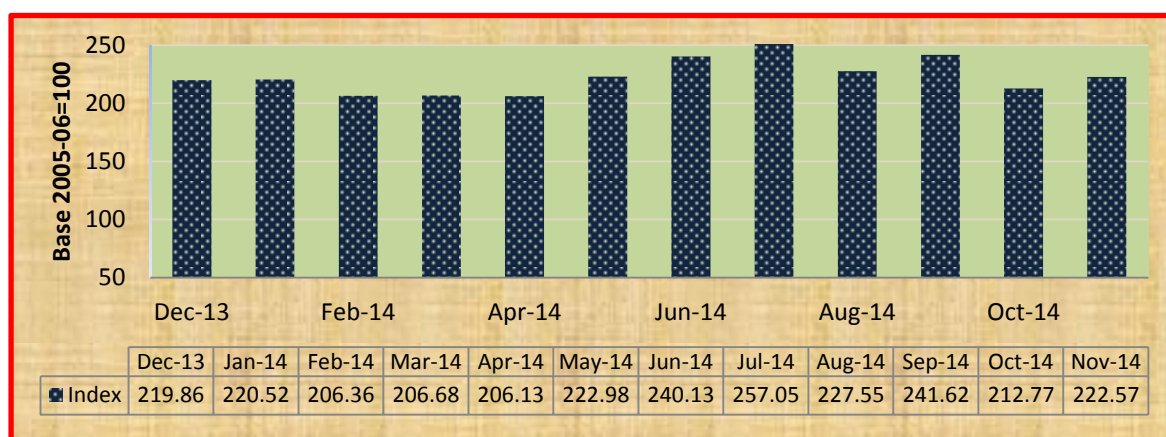
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 185.68 in August 2013 and became 227.55 in August 2014 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 8.3 percent in FY 14 which was 11.6 percent in FY 13.

Table 4.2: Quantum Index of Industrial Production (Base: 2005-06=100)

Period	Index	Growth Rate (%)*
2009-10	135.01	5.9
2010-11	157.89	16.9
2011-12	174.92	10.8
2012-13	195.19	11.6
2013-14	211.29	8.3
November, 2013	213.22	17.32
November, 2014	222.57	22.55

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

Chart 4.2: Quantum Index of Industrial Production (Base: 2005-06=100)



Source: BBS

### 4.3 Inflation

In FY14, the average rate of inflation (12-month average basis) was 7.35 percent (table-4.3). On point to point basis inflation was 6.04 percent in January 2015, of which, food and non-food inflation were 6.11 percent and 6.20 percent, respectively (Chart 4.3).

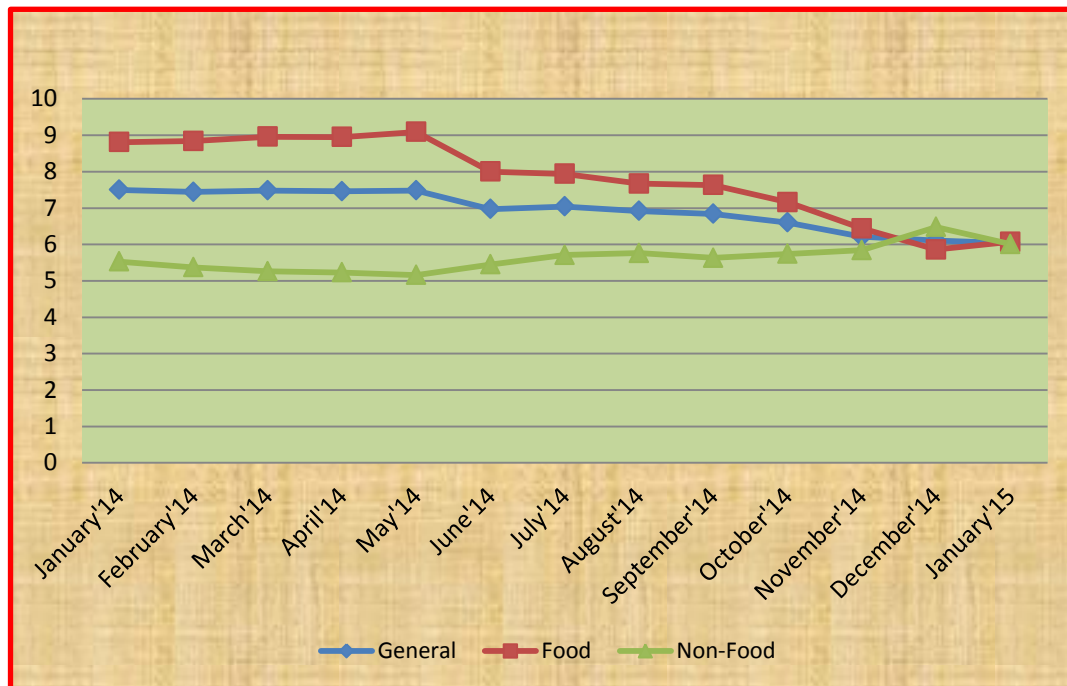
Table-4.3 Twelve-Months Average Inflation (National) (Base 2005-06)

Fiscal Year	Twelve-Months Average Basis		
	National	Food	Non-Food
2013-14	7.35	8.57	5.54
2014-15	Twelve-Months Average Basis		
July	7.28	8.55	5.41
August	7.24	8.51	5.37
September	7.22	8.48	5.34
October	7.18	8.37	5.40
November	7.10	8.18	5.47
December	6.99	7.91	5.60
January	6.87	7.68	5.64

Source: Bangladesh Bureau of Statistics



Chart 4.3: Trends of Point to Point Inflation (Base 2005-06=100)



Source: Bangladesh Bureau of Statistics