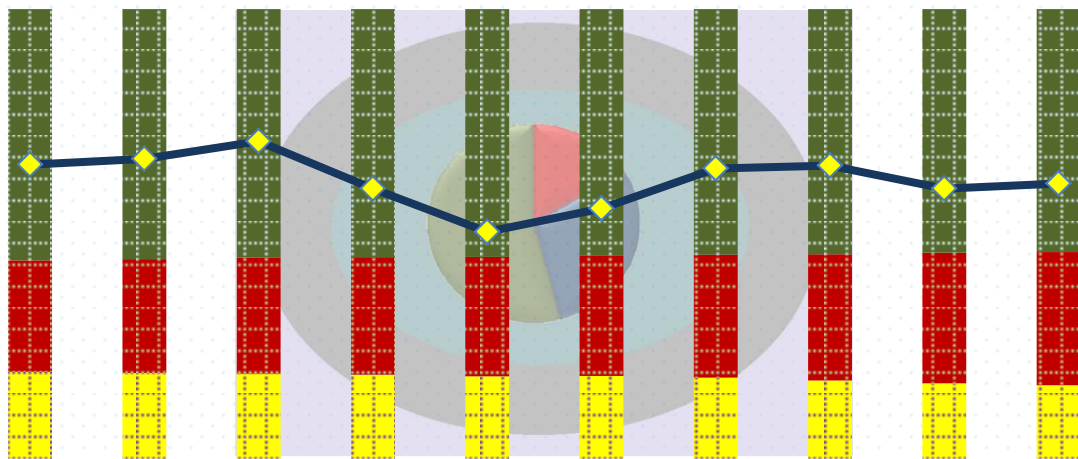




# MONTHLY REPORT ON FISCAL-MACRO POSITION

March, 2015



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As of October, 2015

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## **Executive Summary**

The March 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 March of the current FY15, total revenue collection increased by 4.77 percent compared to the same period of previous fiscal year, whereas total government spending increased by 2.93 percent.

### **Monetary Sector**

Broad Money growth was 12.53 percent in March 2015 compared to March 2014 mainly due to 20.82 percent growth in NFA. Reserve money growth in March 2015 over March 2014 was 14.90 percent.

### **External Sector**

Export earnings increased by 2.98 percent during July-March in FY15 compared to the same period of the previous fiscal. Import payments accelerated by 12.24 percent during July-March of FY15 compared to the same period of FY14 while the remittance receipt increased by 7.27 percent during this period. On the other hand, foreign exchange reserve increased to US\$ 23052.97 million in March 2015 from US\$ 23031.52 million at the end of February.

### **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) in March of FY15 stood at 6.6 percent. On point to point basis, inflation was 6.27 percent in March 2015, of which, food and non-food inflation were 6.37 percent and 6.12 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 206.7 in March 2014 and became 227.5 in March 2015.

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

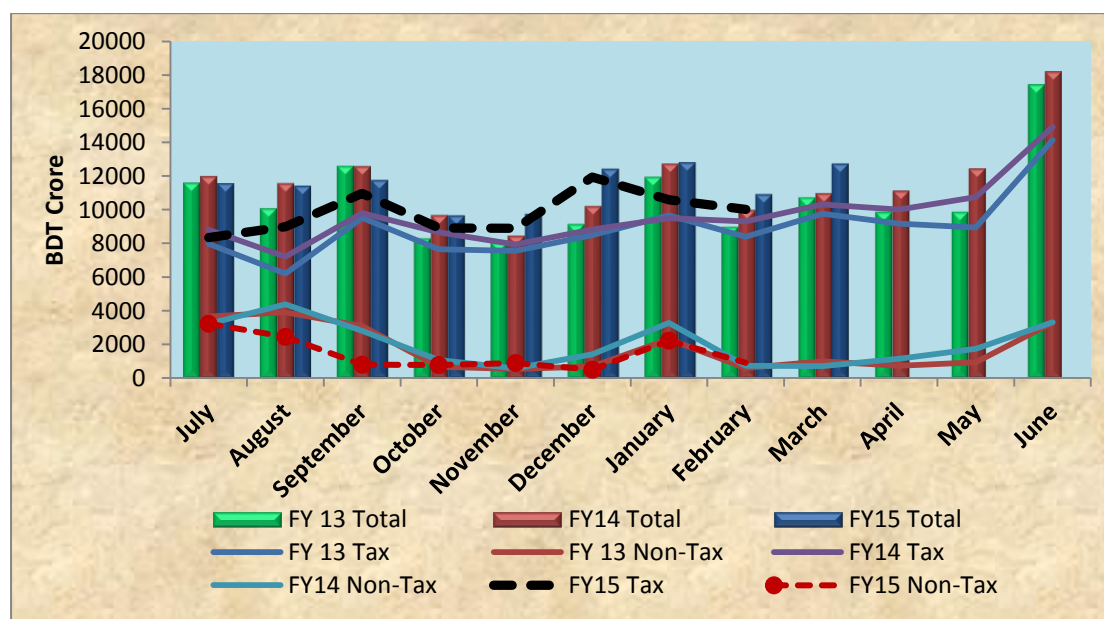
Despite negative growth in Non-tax revenue, total revenue earning posted a positive growth in the first nine months of the current fiscal year (FY15). Both NBR and Non-NBR tax revenue growth was positive and close to prior year growth rates over the same period of earlier year.

Table 1.1: Revenue Earning (In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2012-13 (Actual)	103332	4121	107453	21396	128849
2013-14 (Actual)	111421	4608	116029	24341	140370
Growth (%)	7.83	11.82	7.98	13.76	8.94
July-March, FY14	77245	3125	80370	18139	98509
July-March, FY15	87020	3372	90392	12817	103209
Growth(%) over July-March, FY14	12.65	7.90	12.47	-29.34	4.77

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

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



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

### 1.2 Grants

Actual grant receipts fell by 7.6 percent in FY 14 compared to FY13. During July-March of FY15, grant receipts decreased by 11.7 percent to TK. 726 Crore against TK. 822 crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

FY 13 (Actual)	FY 14 (Actual)	Growth (%)	FY 14	FY 15	Growth (%) over July-March, FY14
			July-March	July-March	
6879	6357	-7.59	822	726	-11.68

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

### 1.3 Government Expenditure

Total government expenditure, comprising current and development (ADP) expenditure, increased in the initial nine months of current FY15 by 2.93 percent compared to the same period of previous fiscal year. According to iBAS database, development spending increased by 11.16 percent in July-March period of FY15 compared to same period of last fiscal (Table-1.3). The current spending, on the other hand grew by 7.63 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 BDT 35153 Crore during the first nine months (July-March) of FY15, recording 23.66 percent increase over the same period of the last fiscal year.

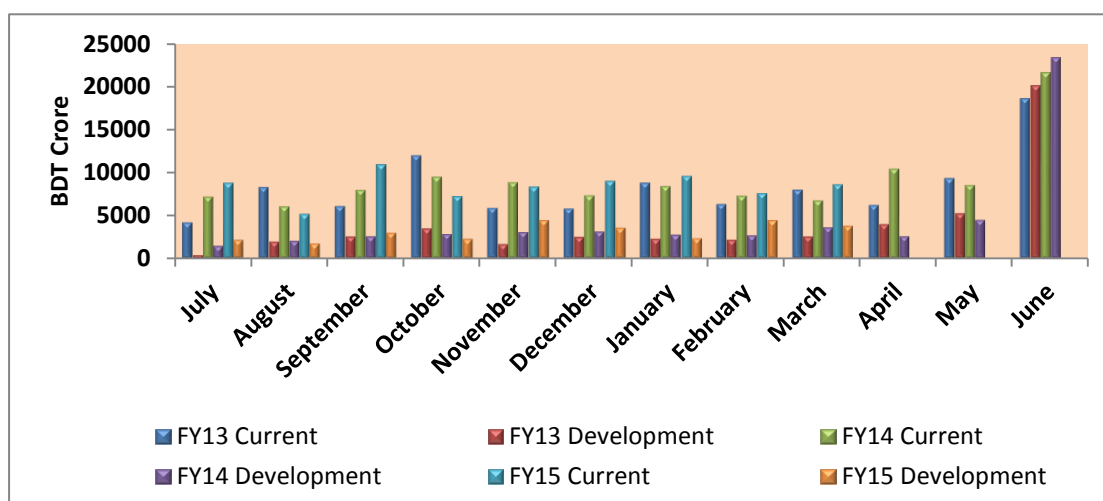
Table 1.3: Government Expenditures

(In crore taka)

	FY 13	FY 14	Growth (%)	FY 14	FY 15	Growth (%) over July-March, FY14
				July-March	July-March	
<b>1. Current Spending</b>	<b>100274</b>	<b>110572</b>	<b>10.27</b>	<b>69788</b>	<b>75116</b>	<b>7.63</b>
Pay and Allowances	21729	26344	<b>21.24</b>	19201	21642	<b>12.71</b>
Goods and Services	13193	15053	<b>14.10</b>	8455	8793	<b>4.00</b>
Interest Payment	24164	28223	<b>16.80</b>	19443	20324	<b>4.53</b>
Domestic	22570	26619	<b>17.94</b>	18169	19024	<b>4.71</b>
Foreign	1594	1604	<b>0.63</b>	1274	1300	<b>2.04</b>
Subsidy and Transfer	41003	40711	<b>-0.71</b>	22530	24226	<b>7.53</b>
Others	185	241	30.27	159	131	-17.61
<b>2. Food Accounts</b>	<b>-440</b>	<b>332</b>	<b>-175.45</b>	<b>5668</b>	<b>3816</b>	<b>-32.67</b>
<b>3. Non-ADP Capital &amp; Spending</b>	<b>26335</b>	<b>21989</b>	<b>-16.50</b>	<b>14963</b>	<b>12103</b>	<b>-19.11</b>
Non-ADP Capital	5673	10442	<b>84.06</b>	9243	6559	<b>-29.04</b>
Net Lending	16964	7727	<b>-54.45</b>	4812	4078	<b>-15.25</b>
Non-ADP Project	1802	2077	<b>15.26</b>	551	1230	<b>123.23</b>
FFW	1299	1026	<b>-21.02</b>	0	0	na
Development Expenditure under Revenue Budget	597	717	20.10	357	236	<b>-33.89</b>
<b>4. Development Spending</b>	<b>49473</b>	<b>55325</b>	<b>11.83</b>	<b>24729</b>	<b>27489</b>	<b>11.16</b>
<b>Total (1+2+3+4)</b>	<b>175642</b>	<b>188218</b>	<b>7.16</b>	<b>115148</b>	<b>118524</b>	<b>2.93</b>
<b>Total Spending (Percent of GDP)</b>	<b>14.65</b>	<b>14.01</b>		<b>8.57</b>	<b>7.83</b>	

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

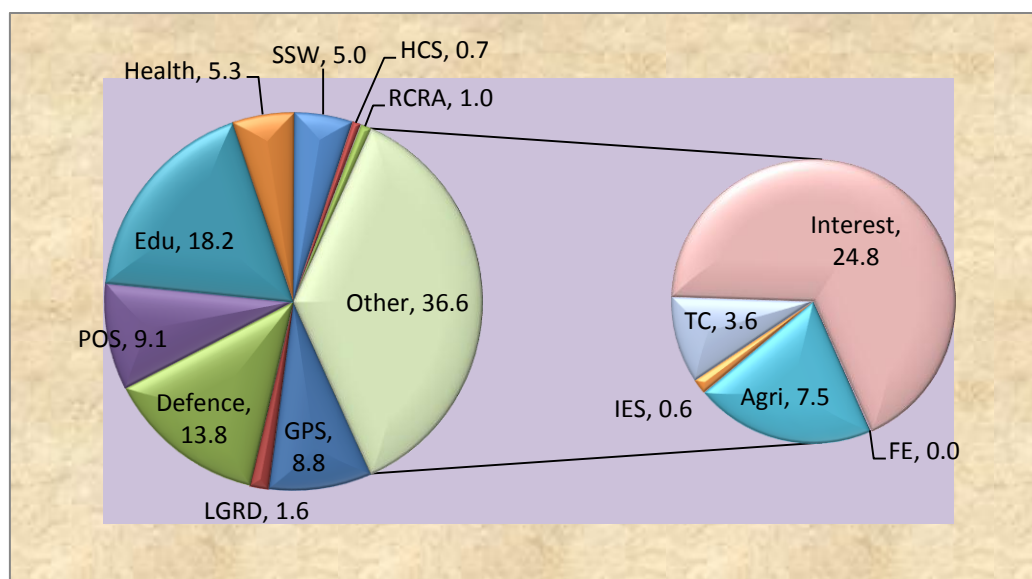
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 13-15)



### 1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July-March, FY15) shows (chart 1.3) that interest payment (24.8%) was the highest spending item followed by education and technology sector (18.2%).

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

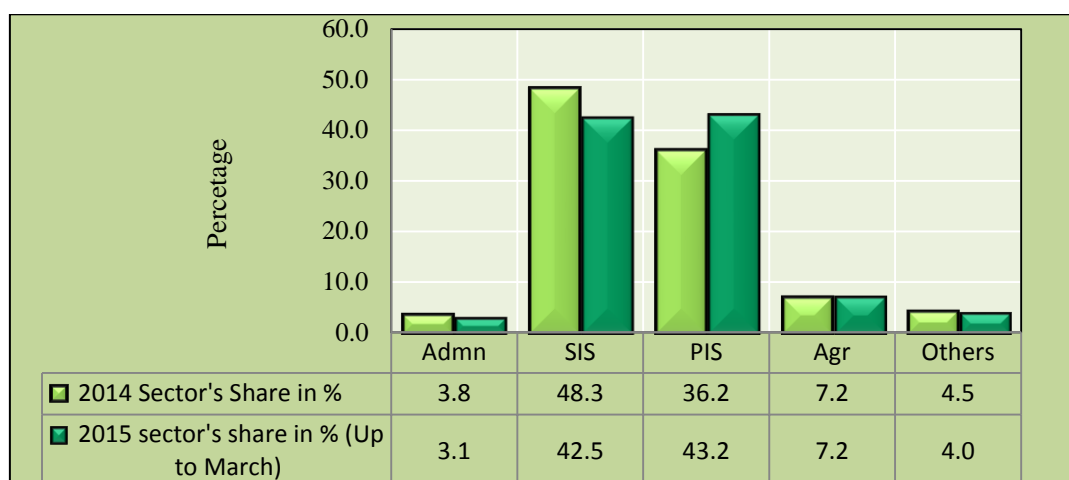


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

### 1.5 Structure of ADP Expenditure

Sector wise analysis of ADP expenditure shows that, during the first nine months of current fiscal year (FY15), highest share of spending went to Physical Infrastructure (43.2%) followed by expenditure on Social Infrastructure (42.5%).

Chart 1.4: Sector wise share (%) of Development expenditure (July-March, 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 3.6 percent of GDP (Base year 2005-06), which was 3.9 percent in FY13. Overall budget deficit including grants during the first nine months of the current fiscal year stood at 1.0 percent of GDP.

Table 1.4: Budget Balance

(In crore taka)

Year	Overall Balance	Overall Balance as % of GDP
2012-13	-46793	-3.9
2013-14	-47848	-3.6
July-March, FY14	-16644	-1.2
July-March, FY15	-15316	-1.0

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 March 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	12691	27464	6640	46795	3.9
2013-14	9706	18168	19974	47848	3.6
July-March, FY14	1425	13232	1986	16643	1.2
July-March, FY15	2559	2965	9825	15349	1.0

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

## 1.8 Net Sale of NSD Certificates

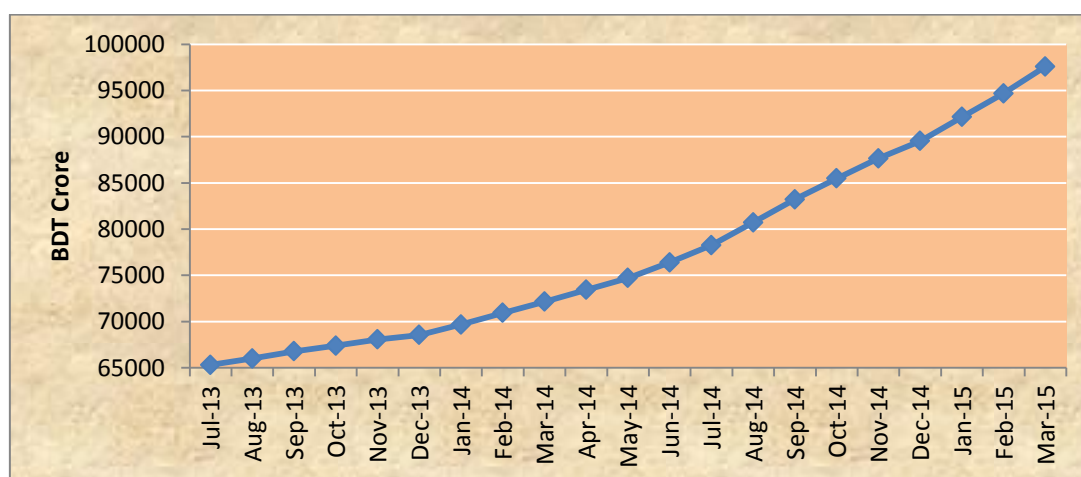
Sale of NSD certificate during July to March of current FY15 stood at Tk. 30864.19 crore which was 79.97 per cent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 21184.1 crore by end of March 2015 (table 1.6).

Table 1.6 Net Sales of NSD Certificates (In crore taka)

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	11707.3	76397.48
Growth (%)	4.21	-44.12	1414.84	18.10
July-March, FY14	17150.06	9689.09	7460.97	72151.15
July-March, FY15	30864.19	9680.09	21184.1	97581.58
Growth (%)	79.97	-0.09	183.93	35.25

Source: National Savings Directorate

Chart 1.5: Outstanding borrowing of government through NSD (In crore taka)



## 2. MONETARY SECTOR

### 2.1 Monetary and credit development

Broad money (M2) growth in March 2015 was 12.53 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 20.82 and 10.19 percent increase respectively. Despite remarkable growth in private sector credit (13.63 percent), domestic credit expansion slowed slightly to 10.19 percent in March 2015 from 10.64 percent of the previous month due to significant negative growth in public sector credit (-2.96 percent).



Table 2.1 Monetary and credit development

(Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		March 14	Percentage changes	
	Jun-13	Jun-14	March-15	July-March FY 15	March 15 over March 14		July-March FY 15	March 15 over March 14
Net Foreign Assets	1133.8	1600.6	1774.9	174.4	305.9	1469.1	10.89	20.82
Net Domestic Asset	4901.2	5405.7	5738.9	333.3	530.9	5208.0	6.16	10.19
Domestic Credit	5717.4	6379.1	6762.4	383.3	625.2	6137.1	6.01	10.19
Public Sector	1195.8	1302.7	1235.7	-67.0	-37.7	1273.4	-5.14	-2.96
Govt (Net)	1101.2	1175.3	1056.5	-118.8	-84.0	1140.4	-10.11	-7.36
Other Public Sector	94.6	127.4	179.2	51.8	46.3	132.9	40.68	34.81
Private sector	4521.6	5076.4	5526.7	450.3	662.9	4863.8	8.87	13.63
Net Other Item	-816.2	-973.4	-1023.4	-50.0	-94.3	-929.1	5.14	10.15
Broad Money	6035.1	7006.2	7513.9	507.6	836.8	6677.1	7.25	12.53

Source: Monthly Economic Trends, Bangladesh Bank

## 2.2 Reserve money and money multiplier

Reserve money increases by 14.90 percent in March 2015 over March 2014 (table 2.2). At the same time the value of reserve money multiplier decreased to 5.37 at the end of March 2015 from 5.39 in June 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	March, 2015	July-March 2014-15	March 2015 over March 2014
<b>Reserve money</b>	1124.9	1298.8	1398.5	99.8 (+7.68)	181.4 (+14.90)
<b>Money multiplier</b>	5.36	5.39	5.37	-0.02	-0.11

Source: Bangladesh Bank. Figures in the brackets indicate percentage change

### 3. EXTERNAL SECTOR

#### 3.1 Export

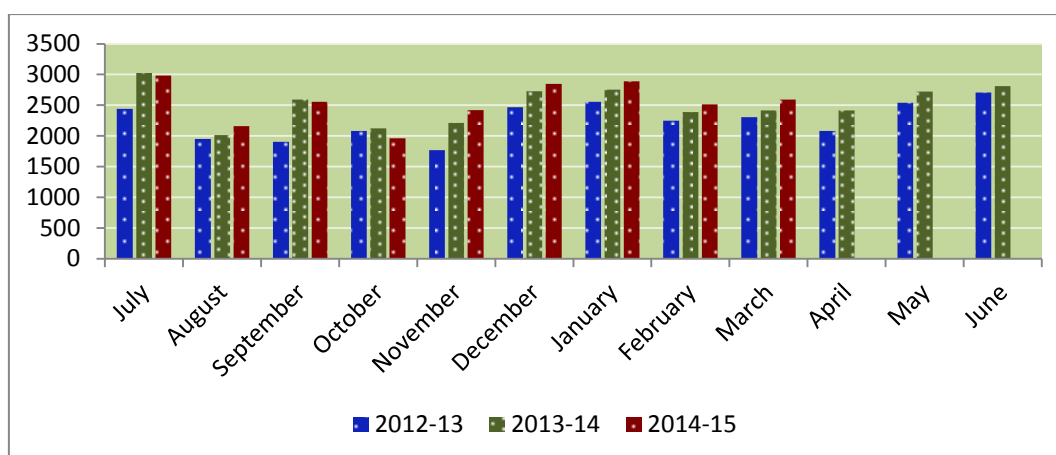
Export earnings increased by 2.98 percent and stood at US\$22904.75 million during July-March of FY15 compared with the same period of last fiscal year. In March, 2015 country's export earnings witnessed a positive growth of 7.43 (y-o-y) percent from the same period of the previous fiscal.

Table 3.1: Export Performance (Million US\$)

	2012-13	2013-14	July-March, 2014-15	March, 2015
<b>Export</b>	27027.36	30186.62	22904.75	2592.97
<b>Growth (%)*</b>	11.21	11.69	+2.98	+7.43

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-March of FY15, import payments grew by 12.24 percent and stood at USD 33056.00 million at the end of the period. In March, 2015 import was 1.4 percent lower than the same month of the previous fiscal year.

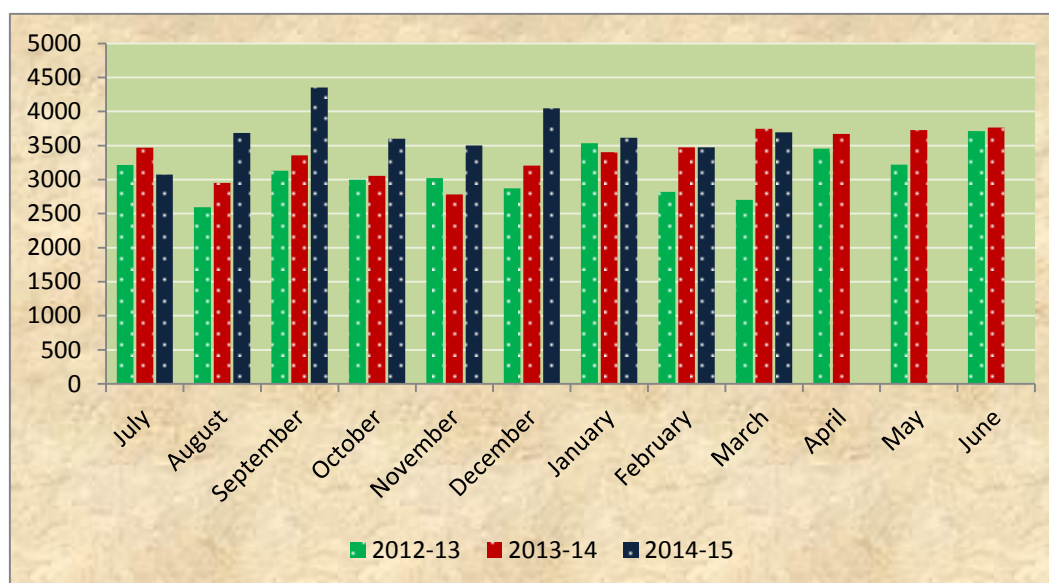
Table 3.2: Import Scenario (Million US\$)

Period	2012-13	2013-14	2014-15 July-March	2014-15 March
<b>Import payments</b>	37289.80	40616.5	33056	3694.9
<b>Growth (%)</b>	0.82	8.92	12.24	-1.4
<b>LCs Opened</b>	35961.05	41818.56	32306.83	4262.45
<b>Growth (%)</b>	-2.9	16.29	8.97	14.81
<b>LCs Settled</b>	32358.52	37188.84	28788.79	3351.97
<b>Growth (%)</b>	-7.05	14.93	5.17	3.14

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

Remittance inflow increased by 7.27 percent during July-March of FY 15 compared to the same period of the previous fiscal year. On the other hand, remittance receipts increased by 3.86 percent in March 2015 and stood at US\$ 1338.3 from US\$1288.62 in March 2014.

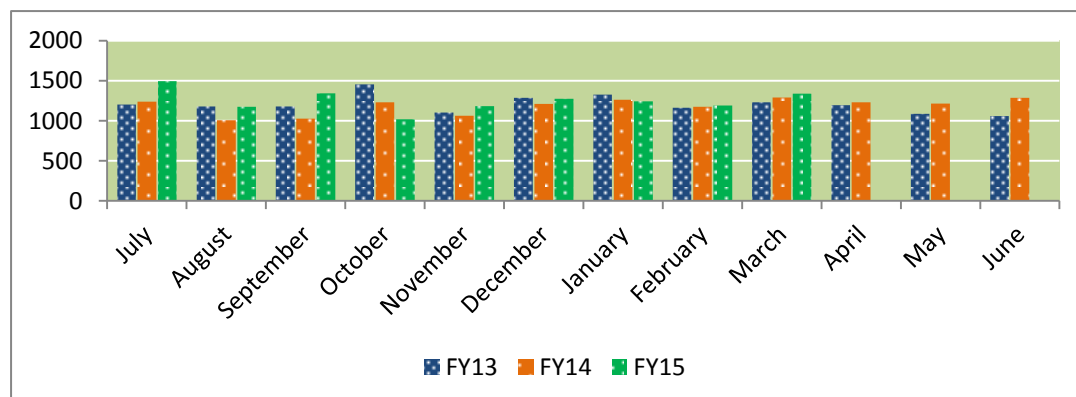
Table-3.3: Remittance Performance

(In million US\$)

	2012-13	2013-14	2014-15 July-March	2014-15 March
Remittances	14461.14	14228.32	11258.32	1338.3
Growth (%)	12.6	-1.61	7.27	+3.86
As % of GDP	9.38	8.19	-	-
As % of Export	53.51	47.13	49.15	51.61

Source: Bangladesh Bank

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



### 3.4 Exchange Rate Movements

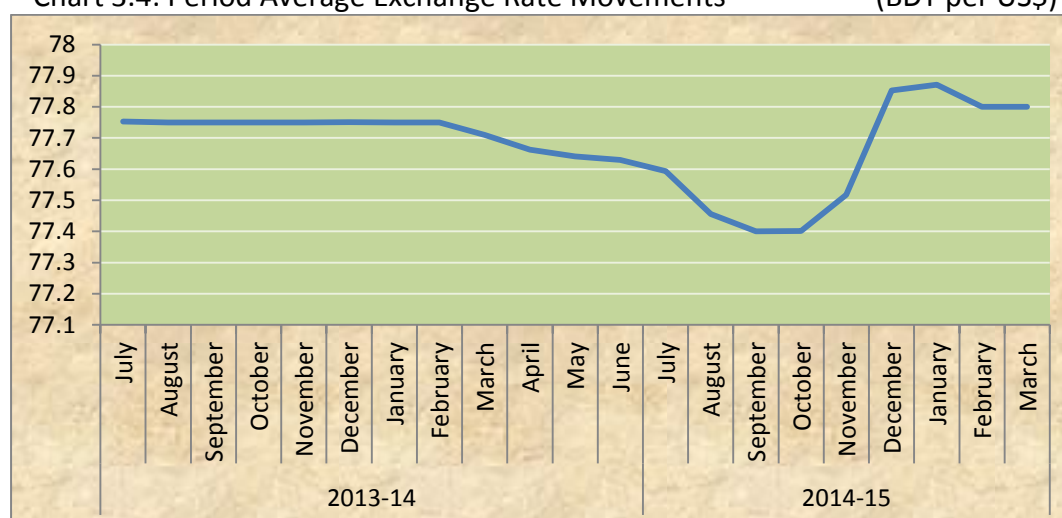
The exchange rate movement (monthly average) from July 2013 to March 2015 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to September, 2014. However, the exchange rate between taka and dollar has become stable recently at Taka 77.80 per US\$.

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
February	77.80	77.80
March	77.80	77.80

Source: Bangladesh Bank

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



### 3.5 External Reserve

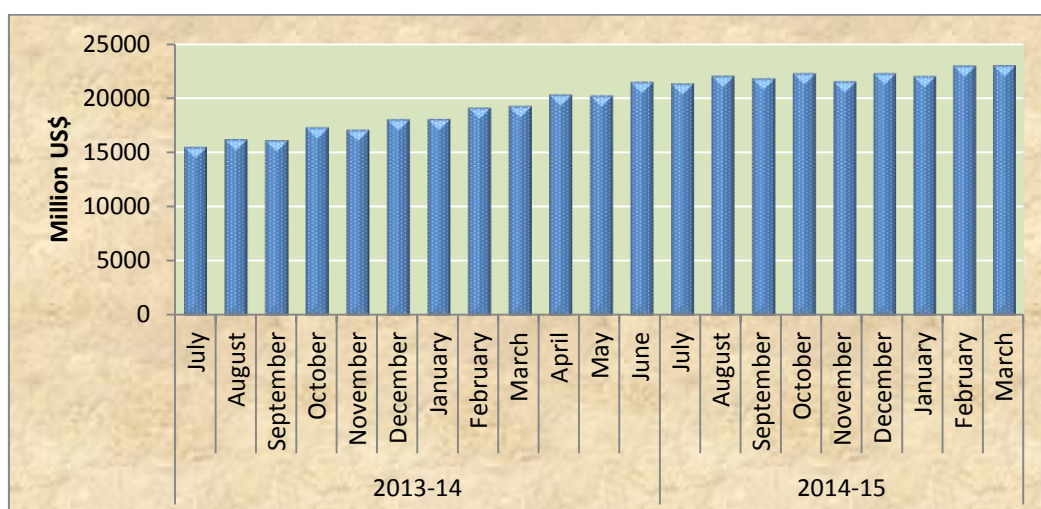
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 23052.97 million at the end of March 2015 from US\$ 23031.52 million in February 2015. The gross foreign exchange balances held abroad by commercial banks increased to US\$ 2595.77 million by the end of March 2015 against US\$ 2209.98 million by the end of February 2015. It was also considerably higher than the balance of US\$ 1743.88 million at the end of March, 2014. The gross foreign exchange reserves, with ACU liability are equivalent to import payments of 6.33 months.

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

	2011-12	2012-13	2013-14	As on end of March, 2015
Reserve	10364.43	15315.23	21508.0	23052.97
In month of import payment	3.2	4.64	5.89	6.33

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\$ 6373 million in the July-March period of the current financial year from US\$ 3564 million in the corresponding period of the FY14. Current account balance was negative US\$ 1090 million. Surplus in both capital and financial account resulted in a surplus of US\$ 2223 million in overall balances during July-March of 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-March)	2014-15 <sup>P</sup> (July-March)
Trade Balance	-7009	-6806	-4556	-7148
Current Account Balance	2388	1547	1691	-1149
Capital Account	629	644	490	344
Financial Account	2863	2788	1615	3820
Overall Balance	5128	5483	3885	2887

Source: Bangladesh Bank. R=Revised

## 4. REAL SECTOR

### 4.1 Real Sector Indicators

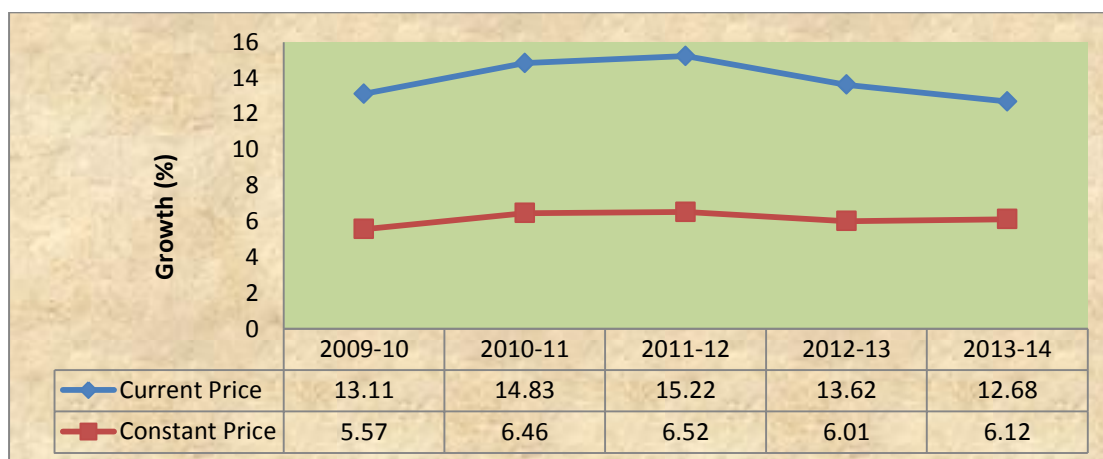
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY14 was 6.12 percent (Base year 2005-06). Per capita GNI in FY14 reached US\$ 1190.

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

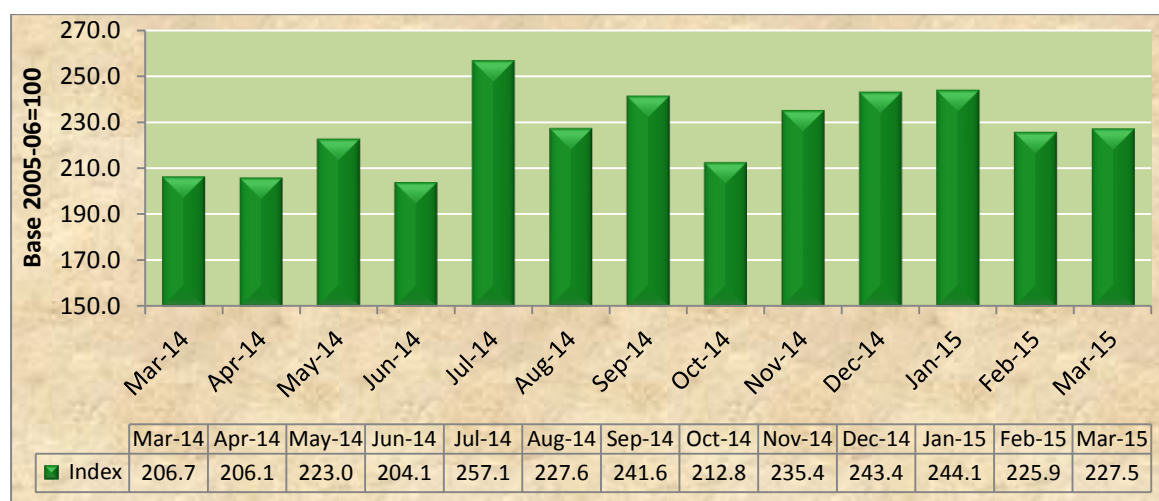
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 206.7 in March 2014 and became 227.5 in March 2015 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 8.2 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	8.2
March, 2014	206.7	4.9
March, 2015	227.5	10.0

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: Bangladesh Bureau of Statistics

## 4.3 Inflation

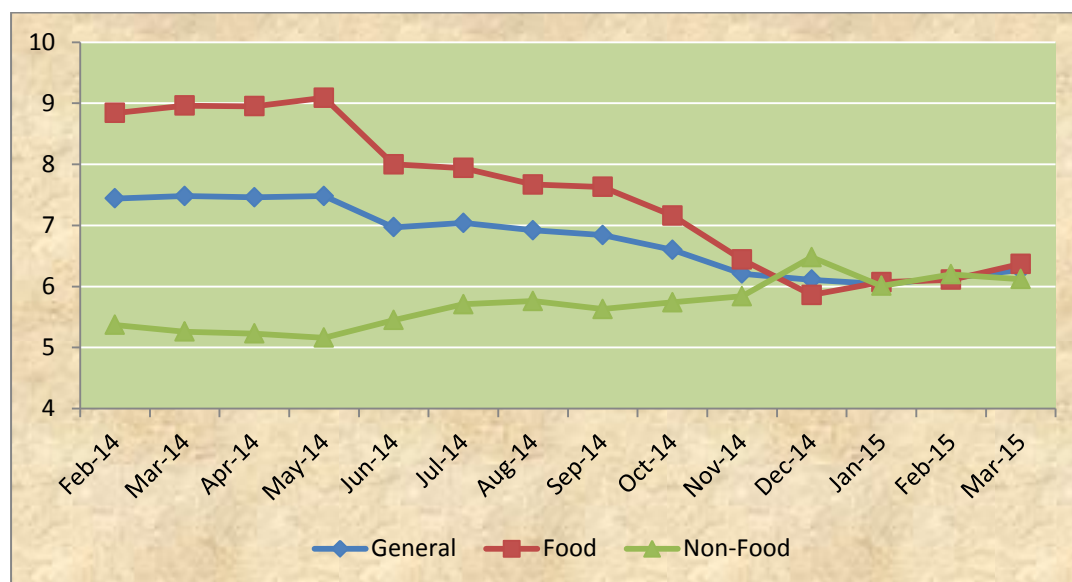
In FY14, the average rate of inflation (12-month average basis) was 7.35 percent (table-4.3). On point to point basis inflation was 6.27 percent in March 2015, of which, food and non-food inflation were 6.37 percent and 6.12 percent, respectively (Chart 4.3).

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
February	6.76	7.45	5.71
March	6.66	7.24	5.78

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics

