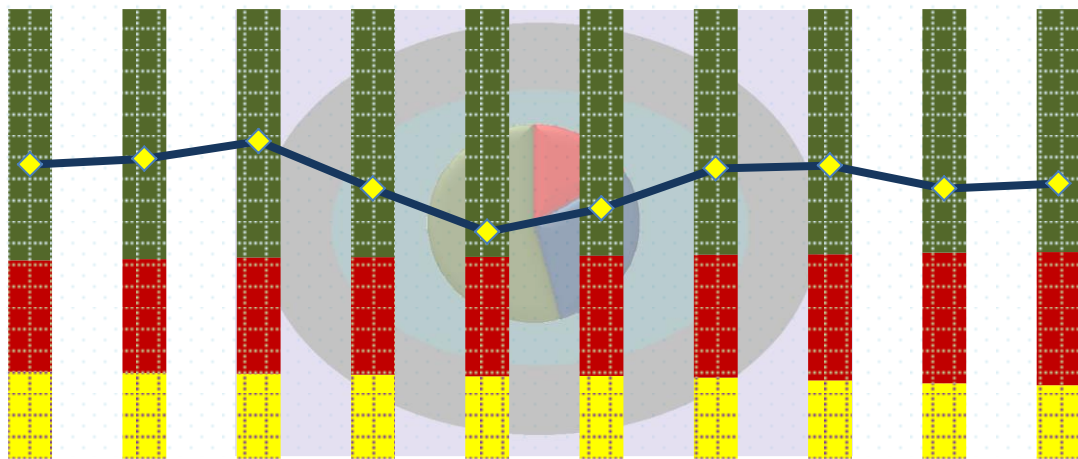




# MONTHLY REPORT ON FISCAL-MACRO POSITION

September, 2015



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

**Contributed by:**  
Sheikh Farid, Senior Assistant Secretary, Finance Division  
Munshi Abdul Ahad, Deputy Secretary

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

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As of December, 2015

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## **Executive Summary**

The September 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 a moderate growth by the end (July-June) of FY15. In July-September of FY16, total revenue collection increased by 10.04 percent compared to the same period of previous fiscal year, whereas, total government spending increased by 1.63 percent.

### **Monetary Sector**

Broad Money growth was 13.31 percent in the end of September of FY16 compared to September of FY15 mainly due to 23.43 percent and 10.32 percent growth in NFA and NDA respectively. Reserve money growth in September of FY16 over September of FY15 was 13.24 percent.

### **External Sector**

Export earnings increased by 0.83 percent and import payments declined by 8.53 percent during July-September of FY16 compared to the same period of previous fiscal while remittance receipt decreased by 1.93 percent during this period. On the other hand, foreign exchange reserve increased to US\$ 26379.04 at the end of September of FY 16 which was sufficient to foot 8.44 months of import bills .

### **Real Sector**

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY15 is 6.51 percent (Base year 2005-06). Per capita GNI in FY15 would reach US\$ 1314. The average rate of inflation (12-month average basis) in September 2015 stood at 6.24 percent. On point to point basis, inflation was 6.24 percent in September 2015, of which, food and non-food inflation were 5.92 percent and 6.73 percent, respectively. There was a positive change in the Quantum Index of Industrial Production which was 227.6 in September 2014 and became 258.4 in September 2015.

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

Total revenue growth was 10.04 percent during July-September of FY 16 compared to the same period of FY 15. Growth rate of tax revenue up to September 2015 was 10.62 percent which was 11.90 percent in the previous month. On the other hand, growth rate in non-tax revenue slowed to 7.51 percent from 11.90 percent in the previous month.

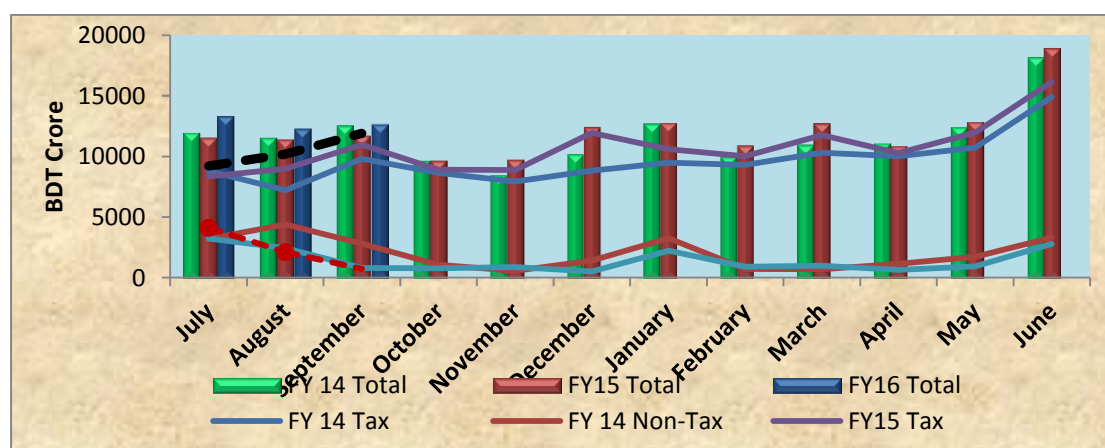
Table 1.1: Revenue Earning

(In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2013-14 (Actual)	111421	4608	116029	24341	140370
2014-15 (Actual)	123959	4822	128781	17177	145958
Growth (%)	11.25	4.64	10.99	-29.43	3.98
July-September, FY15	27191	1098	28289	6495	34784
July-September, FY16	29899	1395	31294	6983	38277
Growth(%) over July-Sep, FY15	9.96	27.05	10.62	7.51	10.04

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

Chart 1.1: Monthly Trend of Revenue earnings (FY14-FY16)



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

### 1.2 Grants

Actual grant receipts fell by 65.3 percent in FY 15 compared to FY14. During July-September of FY16, grant receipt increased by 58.6 percent to TK. 111 Crore against TK. 70 Crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

FY 14 (Actual)	FY 15 (Actual)	Growth (%)	FY 15	FY 16	Growth (%) over July-September, FY15
			July-September	July-September	
6357	2204	-65.33	70	111	58.6

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

### 1.3 Government Expenditure

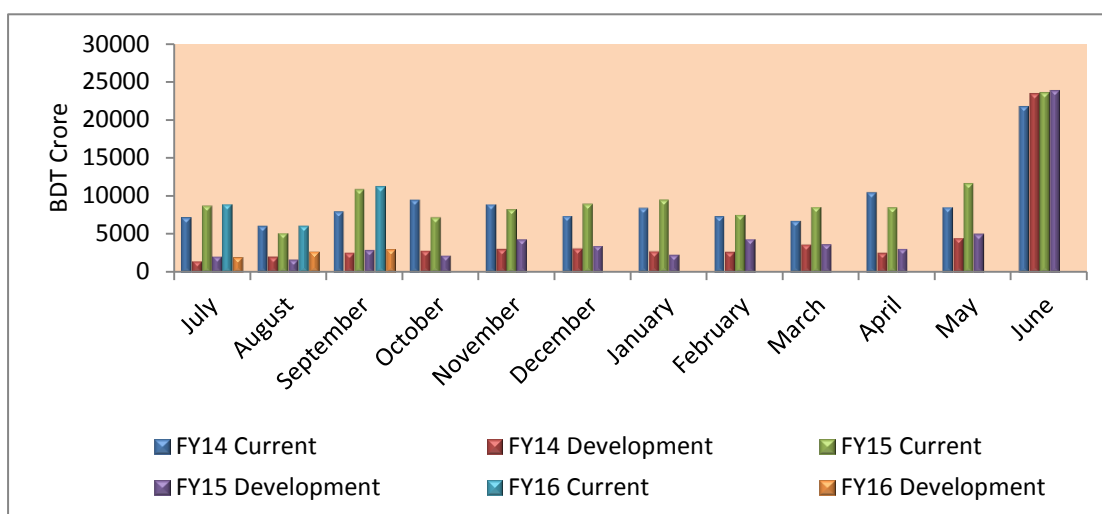
Total government expenditure, comprising current and ADP expenditure, increased in the initial three months of current FY15 by 1.63 percent compared to the same period of previous fiscal year. According to iBAS database, development spending grew by 10.37 percent in July-September period of FY15 compared to same period of last fiscal (table-1.3). The current spending, on the other hand grew by 5.69 percent compared to the corresponding period of FY14. Of current spending, spending on pay and allowances and interest payments grew at a high rate of 15.34 percent and 10.44 percent respectively. As percentage of GDP, government expenditure stood at 2.16 percent during July-September of FY16, slightly decreasing from 2.39 percent over the same period of FY15. It may be noted that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 6502 Crore in July-September of FY16, recording 7.4 percent decrease over the same period of the last fiscal year.

Table 1.3: Government Expenditures (In crore taka)

Category of expenditures	FY 14	FY 15	Growth (%)	FY 15	FY 16	Growth (%) over July-September, FY15
				July-September	July-September	
<b>1. Current Spending</b>	<b>110572</b>	<b>118981</b>	<b>7.60</b>	<b>24851</b>	<b>26264</b>	<b>5.69</b>
Pay and Allowances	26344	28848	9.51	8228	9490	15.34
Goods and Services	15053	16533	9.83	1894	2052	8.34
Interest Payment	28223	30955	9.68	6477	7153	10.44
Domestic	26619	29418	10.52	6036	6687	10.79
Foreign	1604	1537	-4.18	441	466	5.67
Subsidy and Transfer	40711	42457	4.29	8217	7485	-8.91
Others	241	188	-21.99	35	84	140.00
<b>2. Food Accounts</b>	<b>332</b>	<b>2131</b>	<b>541.87</b>	<b>2200</b>	<b>1974</b>	<b>-10.27</b>
<b>3. Non-ADP Capital &amp; Net Lending</b>	<b>21989</b>	<b>22935</b>	<b>4.30</b>	<b>2648</b>	<b>1348</b>	<b>-49.09</b>
Non-ADP Capital	10442	10595	1.47	1941	1714	-11.70
Net Lending	7727	9047	17.08	629	-403	-164.07
Non-ADP Project	2077	2346	12.95	42	0	-100.00
FFW	1026	376	-63.35	0	0	-
Development Expenditure under Revenue Budget	717	571	-20.36	36	37	2.78
<b>4. Development Spending</b>	<b>55325</b>	<b>59570</b>	<b>7.67</b>	<b>6829</b>	<b>7537</b>	<b>10.37</b>
<b>Total (1+2+3+4)</b>	<b>188218</b>	<b>203617</b>	<b>8.18</b>	<b>36528</b>	<b>37123</b>	<b>1.63</b>
<b>Total Spending (Percent of GDP)</b>	<b>14.01</b>	<b>13.45</b>	<b>-3.96</b>	<b>2.41</b>	<b>2.16</b>	

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

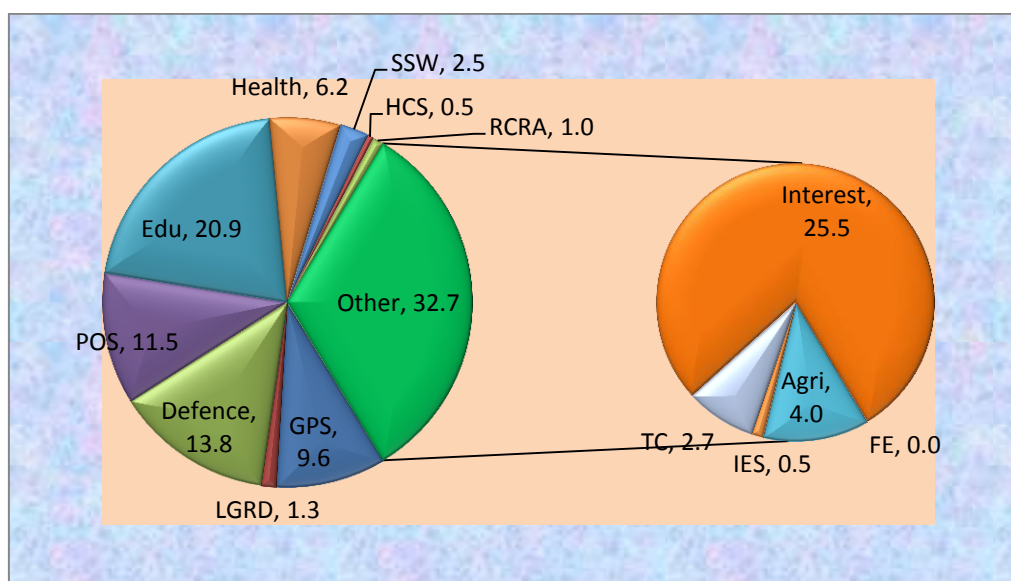
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 14-16)



### 1.4 Composition of Revenue Expenditure

Interest payment (25.5%) was the highest spending item followed by education and technology sector (20.9%) in July-September of FY 16 (chart 1.3).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July-Sep of FY 16)

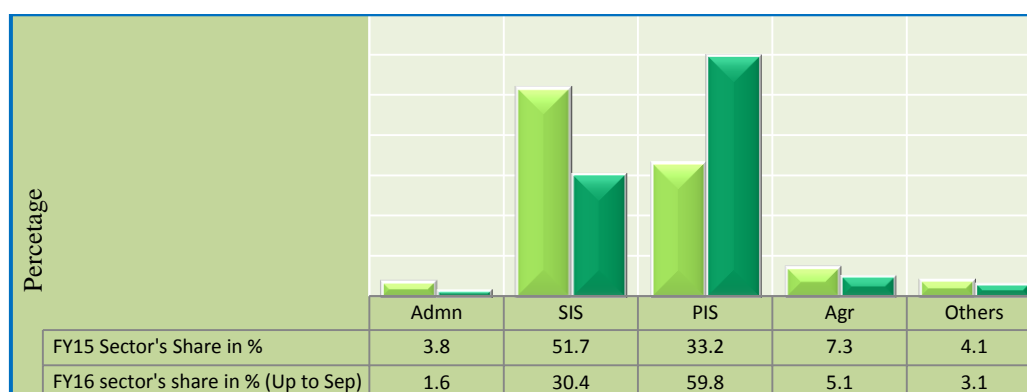


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

### 1.5 Composition of ADP Expenditure

Sector wise analysis of ADP expenditure shows that, over the period of July-September of FY16, highest share of spending went to Physical Infrastructure ( 59.8%) followed by Social Infrastructure (30.4%).

Chart 1.4: Sector wise share (%) of Development expenditure (July of FY16)



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 FY15 stood at 3.8 percent of GDP (Base year 2005-06), which was 3.6 percent in FY14. Overall budget balance including grants during July-September of FY 16 records a surplus of BDT 1154 crore against a deficit of BDT 1739 crore of the same period of previous fiscal year.

Table 1.4: Budget Balance

(In crore taka)

Year	Overall Balance	Overall Balance as % of GDP
2013-14	-47848	-3.6
2014-15	-57660	-3.8
July-September FY15	-1739	-0.1
July-September FY16	1154	0.1

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

### 1.7 Deficit Financing

Domestic borrowing from the banking system declined to BDT 375 Crore in FY15 from BDT 18168 Crore in FY 14. On the other hand, borrowing from the non-bank sources increased to BDT 50711 Crore from 19974 Crore within the same period. Net borrowing from the external sources declined to BDT 6608 Crore in FY 15 from BDT 9706 Crore in FY 14. During July-September of FY 16 Government debt stock declined by BDT 1153 Crore.

Table 1.5: Deficit Financing

(In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2013-14	9706	18168	19974	47848	3.6
2014-15	6608	374	50711	57693	3.8
July-September FY15	-1629	-34	3405	1742	0.1
July-September FY16	-964	7048	-7237	-1153	-0.1

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

## 1.8 Net Sale of NSD Certificates

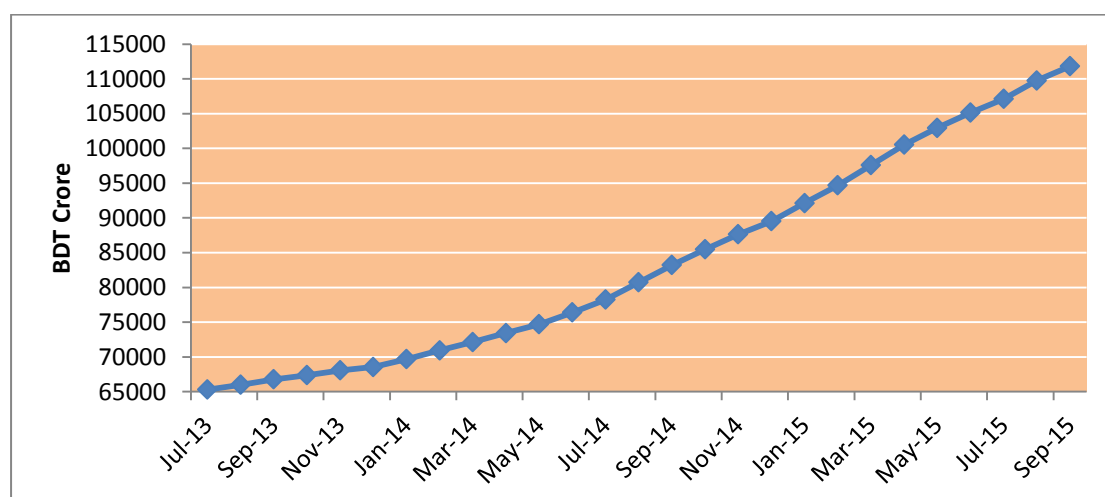
Sale of NSD certificate in July-September period of FY16 stood at Tk. 11196.85 crore which was 13.61 per cent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 6680.99 crore by end of September 2015 (table 1.6).

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

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2013-14	24309.59	12602.29	11707.3	76397.48
2014-15	42659.79	13927.13	28732.66	105130.14
Growth (%)	75.49	10.51	145.43	37.61
July-September FY15	9855.55	3034.54	6821.01	83218.49
July-September FY 16	11196.85	4515.86	6680.99	111811.13
Growth (%)	13.61	48.82	-2.05	34.36

Source: National Savings Directorate

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



Source: National Savings Directorate

## 2. MONETARY SECTOR

### 2.1 Monetary and credit development

Broad money (M2) growth in September, 2015 was 13.31 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 23.43 and 10.32 percent increase respectively. During the month of September 2015, private sector credit expansion was quite remarkable (12.88 percent) which contributed to 9.94 percent of domestic credit growth despite negative growth in public sector credit (-1.37percent).



Table 2.1 Monetary and credit development

(Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		Sep FY 15	Percentage changes	
	Jun FY 14	Jun FY 15	Sep FY 16	Up to Sep FY 16	Sep 15 over Sep 14		Up to Sep FY 16	Sep 15 over Sep 14
Net Foreign Assets	1600.6	1892.3	2037.8	145.5	386.8	1650.9	7.69	23.43
Net Domestic Asset	5405.7	5983.9	6177.0	193.1	577.9	5599.1	3.23	10.32
Domestic Credit	6379.1	7015.3	7236.4	221.2	654.2	6582.2	3.15	9.94
Public Sector	1302.7	1269.3	1339.6	70.3	-18.6	1358.2	5.54	-1.37
Govt (Net)	1175.3	1102.6	1181.7	79.2	-30.7	1212.4	7.18	-2.53
Other Public Sector	127.4	166.7	157.8	-8.9	12.1	145.8	-5.31	8.28
Private sector	5076.4	5746.0	5896.9	150.9	672.9	5224.0	2.63	12.88
Net Other Item	-973.4	-1031.4	-1059.5	-28.0	-76.4	-983.1	2.72	7.77
Broad Money	7006.2	7876.1	8214.7	338.6	964.7	7250.0	4.30	13.31

Source: Monthly Economic Trends, Bangladesh Bank

## 2.2 Reserve money and money multiplier

Reserve money increases by 13.24 percent at the end of September of FY 16 over the same period of previous fiscal year (table 2.2). At the same time the value of reserve money multiplier declined to 5.05 at the end of September of FY 16 from 5.30 at the end of FY 15.

Table 2.2: Reserve money and money multiplier

(Billion BDT)

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June FY 14	June FY 15	September FY16	Up to September FY 16	September FY 16 over September FY 15
Reserve money	1298.8	1484.8	1626.6	141.7 (+9.55)	190.2 (+13.24)
Money multiplier	5.39	5.30	5.05	-0.25	0.00

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

## 3. EXTERNAL SECTOR

### 3.1 Export

Export earnings increased by 3.4 percent and stood at US\$ 31208.94 million during FY15 compared with the same period of last fiscal year. Export earnings fell by 6.98 percent in September of FY 16 compared to the same month of the previous fiscal year. Nevertheless, there was a positive growth in export earnings by 0.83 percent during July-September period of FY 16 compared to the corresponding period of the previous fiscal.

Table 3.1: Export Performance

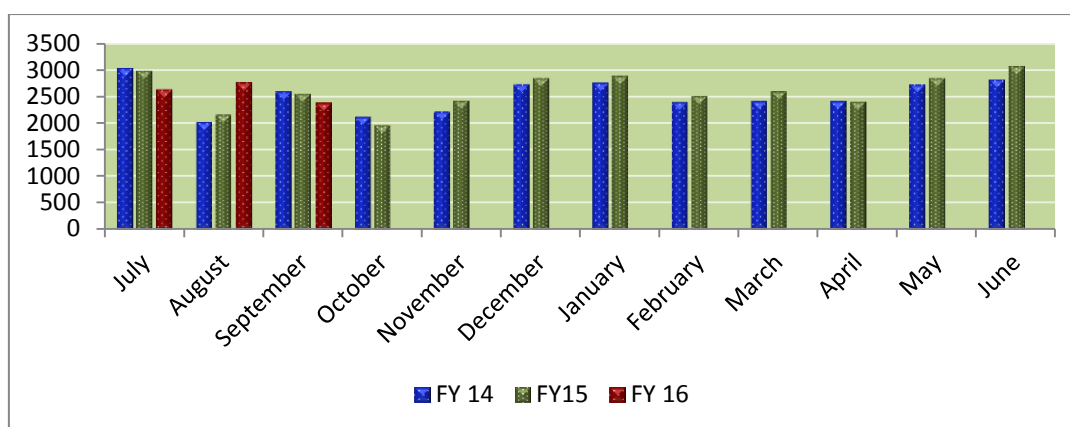
(Million US\$)

	FY 14	FY 15	July-Sep FY 16	Sep FY 16
<b>Export</b>	30186.62	31208.94	7758.99	2374.65
<b>Growth (%)*</b>	11.69	3.39	0.83	-6.98

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)

Up to July-September of FY16, import payments reduced by 8.53 percent and stood at USD 10168.9 million. However, there was a positive growth (1.32%) in import LC settlement during this period.

Table 3.2: Import Scenario

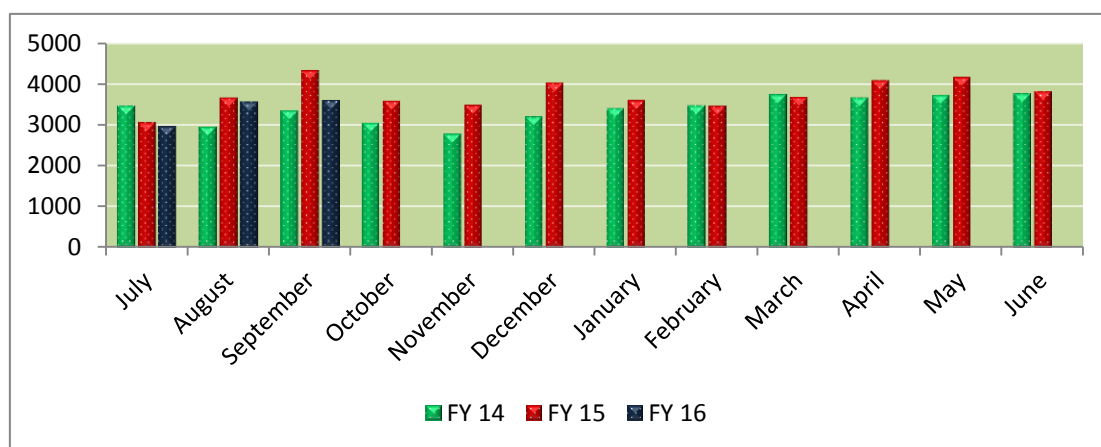
(Million US\$)

Period	FY 14	FY 15	FY 16 (up to September)	FY 16 September
<b>Import payments</b>	40616.40	45190.2	10168.9	3608.1
<b>Growth (%)</b>	8.92	11.26	-8.53	-17.14
<b>LCs Opened</b>	41818.56	43068.76	9778.74	3135.37
<b>Growth (%)</b>	16.29	2.99	-9.75	-15.36
<b>LCs Settled</b>	37188.84	38455.24	9925.71	2985.45
<b>Growth (%)</b>	14.93	3.41	1.32	-11.41

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 decreased by 1.93 percent in July-September period of FY 16 compared to the same period of the previous fiscal year.

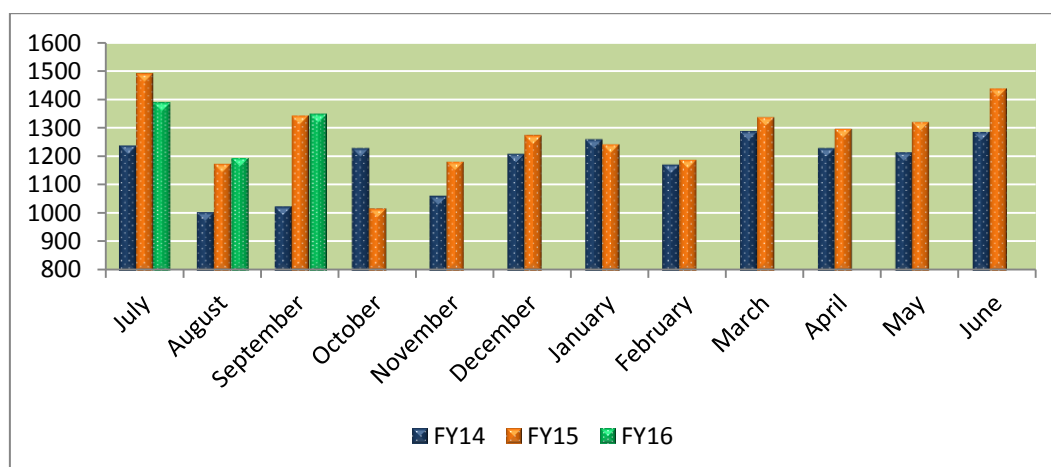
Table-3.3: Remittance Performance

(In million US\$)

	FY 14	FY 15	FY 16 Up to September	FY 16 September
Remittances	14228.3	15316.9	3933.6	1349.06
Growth (%)	-1.61	7.65	-1.93	0.36
As % of GDP	8.23	7.86	1.79	-
As % of Export	47.13	49.08	50.70	56.81

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.4 Exchange Rate Movements

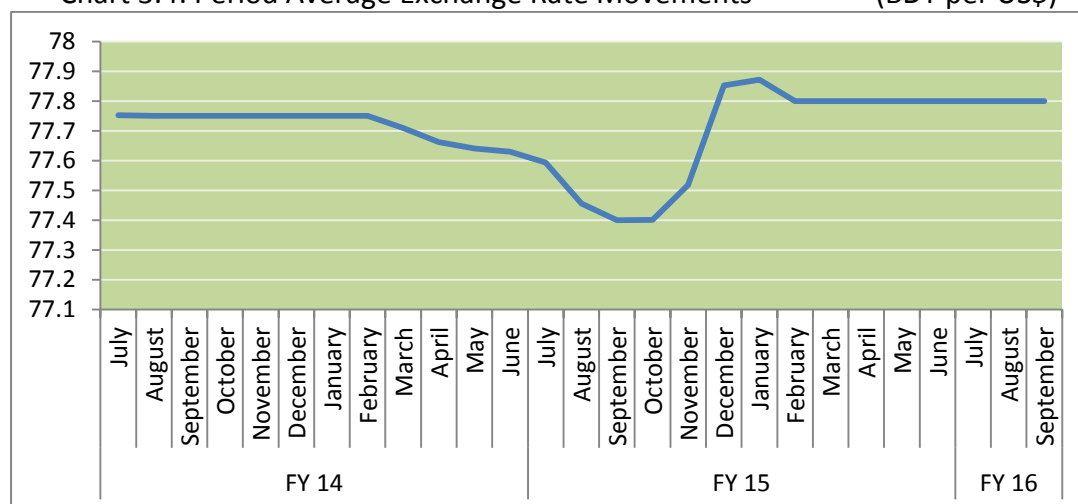
The exchange rate movement (monthly average) from July 2013 to July 2015 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to September, 2014. However, the exchange rate between taka and dollar has become stable recently at Taka 77.80 per US\$.

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	71.17	74.15
2011-12	79.10	81.82
2012-13	<b>79.93</b>	77.77
2013-14	77.72	77.63
2014-15	77.67	77.81
<b>2015-16</b>		
July	77.80	77.80
August	77.80	77.80
September	77.80	77.80

Source: Bangladesh Bank

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



### 3.5 External Reserve

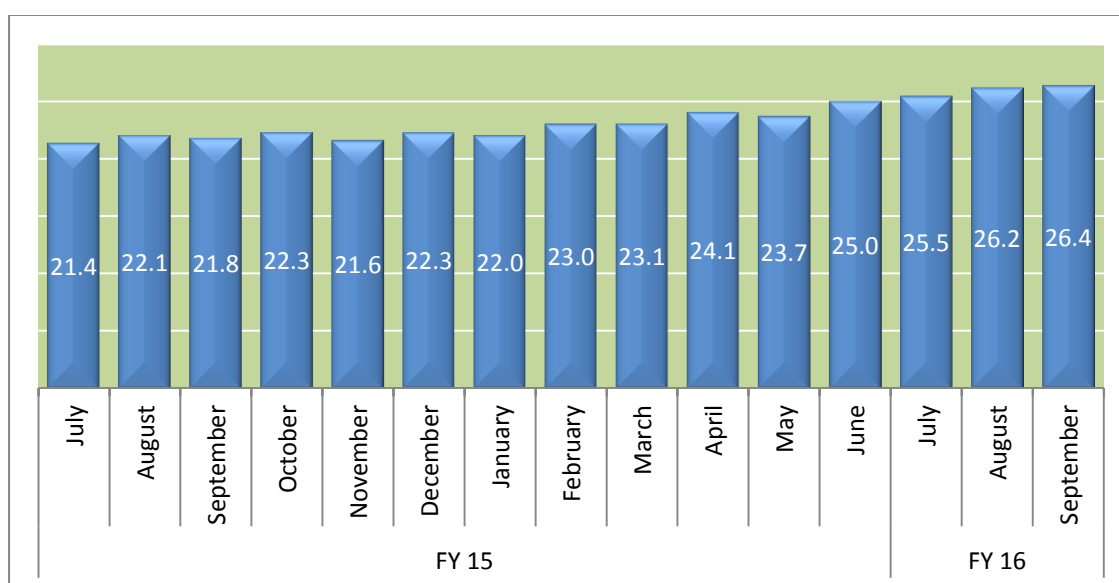
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 26379.04 million at the end of September of FY 16 from US\$ 26175.34 million in the previous month. The gross foreign exchange reserve at the end of September of FY16 is equivalent to import payments of 8.44 months.

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

	FY 13	FY 14	FY 15	As on end of September FY 16
Reserve	15315.23	21508.0	25025.50	26379.04
In month of import payment	4.64	5.89	6.65	8.44

Source: Bangladesh Bank.

Chart 3.5: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month (Billion US\$)



Source: Bangladesh Bank

### 3.6 Balance of Payments

The country's trade deficit reduced to US\$ 1515 million in July-September of FY 16 from US\$ 2426 million in the corresponding period of the FY15. Current account balance was positive US\$ 739 million. Surplus in both capital and financial account resulted in a surplus of US\$ 1971 million in overall balances during in July-September of FY16.

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

	2013-14 <sup>R</sup> (July-June)	2014-15 <sup>p</sup> (July-June)	July-September, FY 15 <sup>R</sup>	July-September, FY 16 <sup>P</sup>
Trade Balance	-6794	-9917	-2426	-1515
Current Account Balance	1406	-1645	-293	739
Capital Account	598	491	44	88
Financial Account	2813	5150	1534	798
Overall Balance	5483	4373	1177	1971

Source: Bangladesh Bank. R=Revised

## 4. REAL SECTOR

### 4.1 Real Sector Indicators

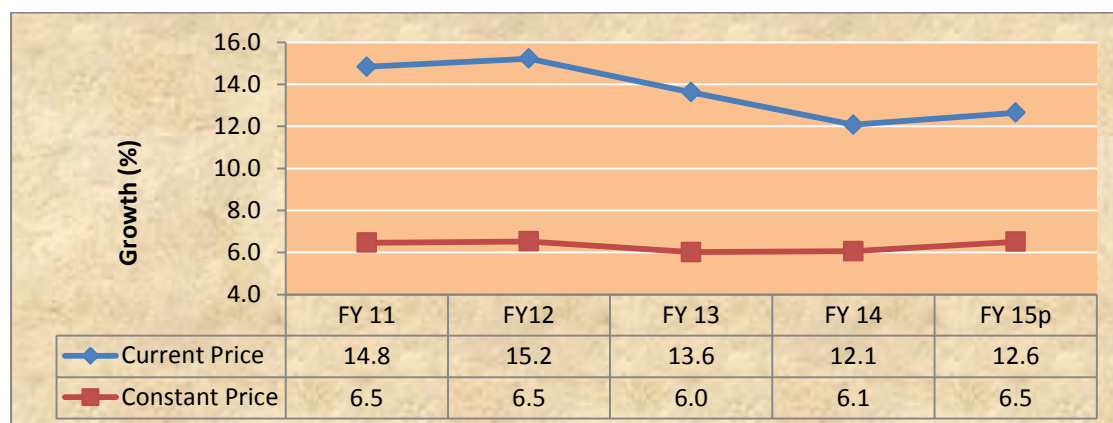
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY15 is 6.51 percent (Base year 2005-06). Per capita GNI in FY15 reached US\$ 1314.

Table 4.1 Real sector indicators

Concepts	Unit	FY 11	FY 12	FY 13	FY 14	FY 15 <sup>P</sup>
GDP at constant prices	Billion taka	6463.4	6884.9	7299.0	7741.4	8245.3
Growth	%	6.46	6.52	6.01	6.06	6.51
GDP at current prices	Billion taka	9158.3	10552.0	11989.2	13436.7	15136.0
Growth	%	14.83	15.22	13.62	12.07	12.65
GNI at current prices	Billion taka	9883.4	11445.1	12953.5	14332.2	16109.0
Per capita GDP	taka	61198	69614	78009	86266	95864
Per capita GNI	taka	66044	75505	84283	92015	102026
Per capita GDP	US\$	860	880	976	1110	1235
Per capita GNI	US\$	928	955	1054	1184	1314

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

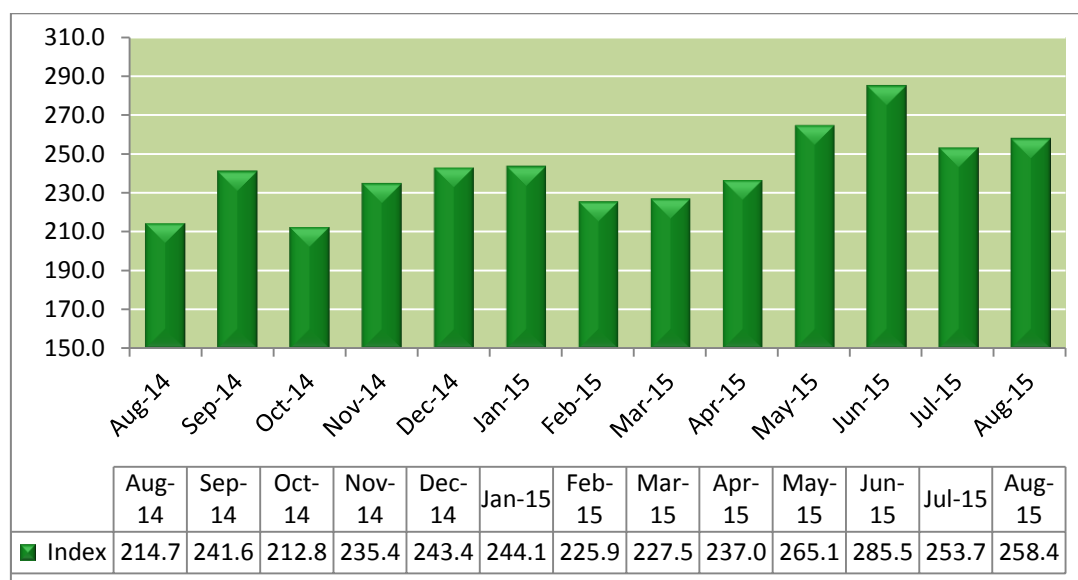
Quantum Index of Industrial Production increased by 20.3 percent and became 258.4 in September 2015 which was 214.7 in the same month of previous fiscal year (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 10.7 percent in FY 15 which was 8.2 percent in FY 14.

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	213.22	8.2
2014-15	236.11	10.7
August, 2014	214.74	-7.4
August, 2015	258.35	20.3

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

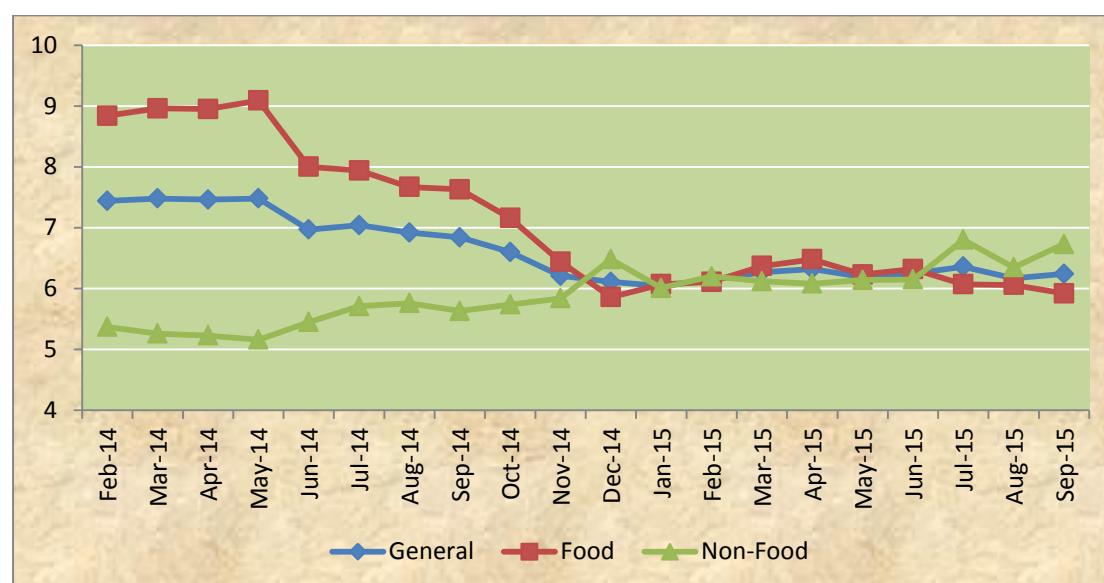
In FY15, the average rate of inflation (12-month average basis) was 6.41 percent (table-4.3). On the twelve month average basis general inflation reduced to 6.24 percent in September 2015, of which food and non-food inflation were 6.25 percent and 6.22 percent, respectively. On the other hand, point to point inflation stood at 6.24 percent in the same month, of which, food and non-food inflation were 5.92 percent and 6.73 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
2014-15	6.41	6.68	5.99
2015-16			
July	6.35	6.53	6.08
August	6.29	6.39	6.13
September	6.24	6.25	6.22

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics