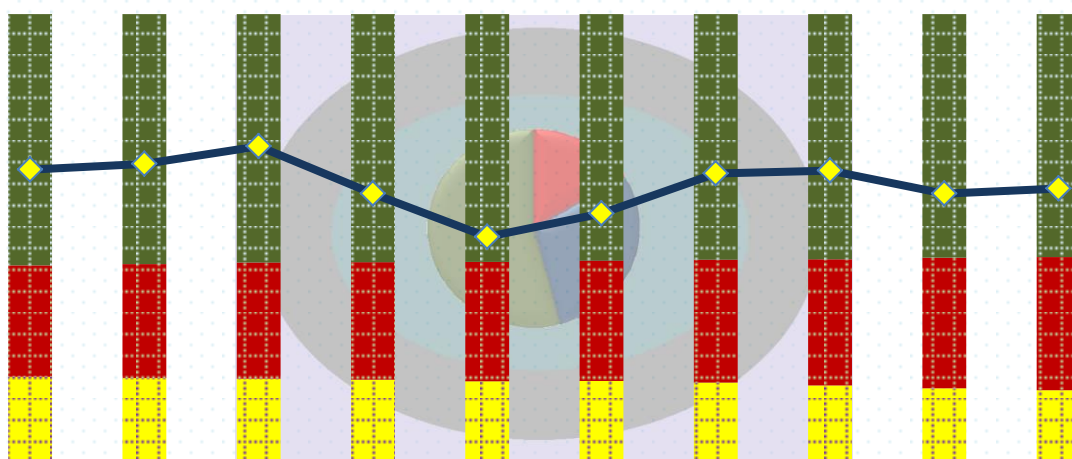




# MONTHLY REPORT ON FISCAL-MACRO POSITION

November, 2015



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## **Executive Summary**

The November 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-November of FY16, total revenue collection increased by 14.23 percent compared to the same period of previous fiscal year, whereas total government spending increased by 1.21 percent.

### **Monetary Sector**

Broad Money growth was 13.81 percent in the end of November of FY16 compared to the previous fiscal mainly due to 25.67 percent and 10.35 percent growth in NFA and NDA respectively. Reserve money growth in November of FY16 over November of FY15 was 14.39 percent.

### **External Sector**

Export earnings increased by 6.71 percent and Import payments declined by 7.44 percent during July-November of FY16 compared to the same period of the previous fiscal while the remittance receipt decreased by 0.60 percent during this period. On the other hand, foreign exchange reserve decreased to US\$ 26407.63 million in the end of November of FY 16 which was equivalent to import payments of 7.83 months.

### **Real Sector**

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY15 would stand at 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 November 2015 stood at 6.20 percent. On point to point basis, inflation was 6.05 percent in November 2015, of which, food and non-food inflation were 5.72 percent and 6.56 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 198.5 in October 2014 and became 235.0 in October 2015.

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

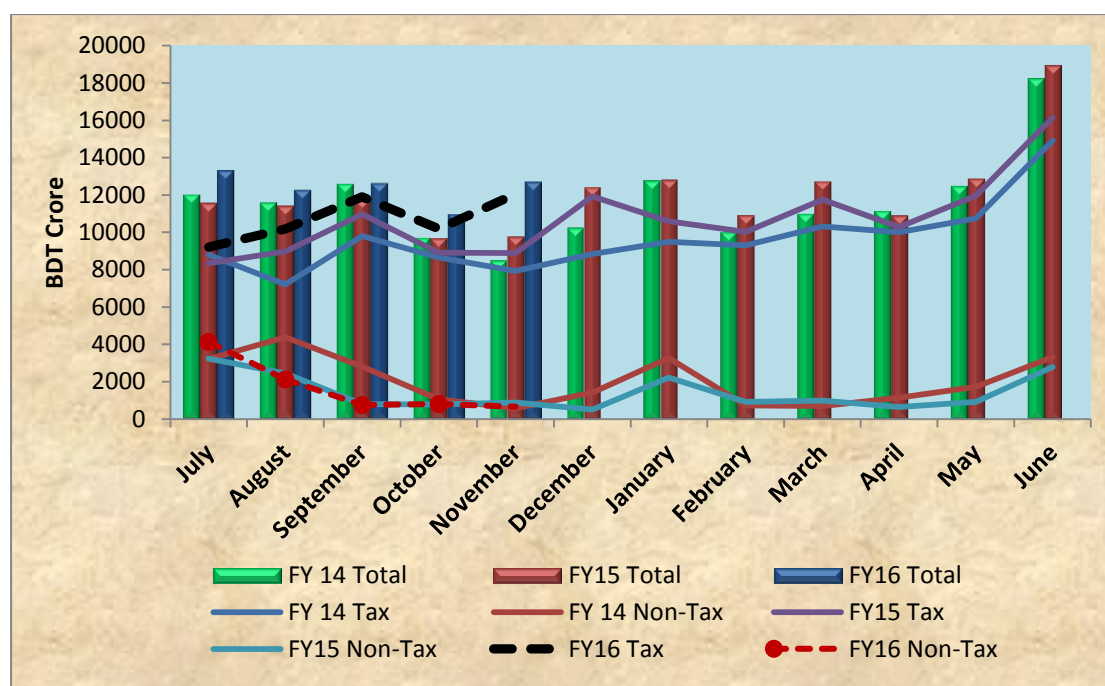
Total revenue earning increased by 14.23 percent during July-November of FY 16 compared to the same month of FY 15. Growth rates of Tax and Non-tax revenue during the same period were 16.17 percent and 3.26 percent respectively.

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	4821	128780	17177	145957
Growth (%)	11.25	4.62	10.99	-29.43	3.98
July-Nov, FY15	44304	1786	46090	8168	54258
July-Nov, FY16	51280	2265	53545	8434	61979
Growth(%) over July-Nov, FY15	15.75	26.82	16.17	3.26	14.23

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-November of FY16, grant receipt decreased by 26.7 percent to TK. 195 Crore against TK. 266 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-November, FY15
			July- November	July- November	
6357	2204	-65.33	266	195	-26.7

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

### 1.3 Government Expenditure

According to iBAS database, total government expenditure increased by 1.21 percent in July-November of FY16 compared to the same period of the previous fiscal where the growth rate of current expenditure was 5.94 percent (Table-1.3). On the other hand, development (ADP) expenditure declined by 3.91 percent within the same period. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 16320 Crore in July-November of FY16, recording 2.6 percent increase over the same period of the last fiscal year.

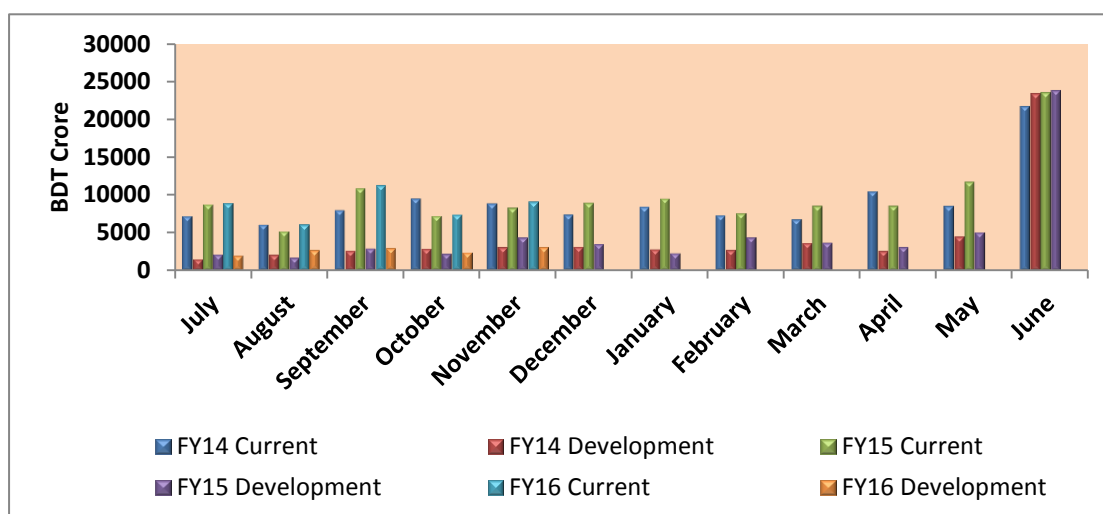
Table 1.3: Government Expenditures

(In crore taka)

Category of expenditures	FY 14	FY 15	Growth (%)	FY 15	FY 16	Growth (%) over July- November, FY15
				July- November	July- November	
<b>1. Current Spending</b>	<b>110572</b>	<b>118982</b>	<b>7.59</b>	<b>40385</b>	<b>42782</b>	<b>5.94</b>
Pay and Allowances	26344	28849	9.44	12689	13005	2.49
Goods and Services	15053	16533	9.82	3838	3982	3.75
Interest Payment	28223	30954	9.68	11010	12205	10.85
Domestic	26619	29417	10.52	10338	11530	11.53
Foreign	1604	1537	-4.18	672	675	0.45
Subsidy and Transfer	40711	42458	4.29	12778	13493	5.60
Others	241	188	-21.99	70	97	38.57
<b>2. Food Accounts</b>	<b>332</b>	<b>2131</b>	<b>541.87</b>	<b>2660</b>	<b>2973</b>	<b>11.77</b>
<b>3. Non-ADP Capital &amp; Net Lending</b>	<b>21989</b>	<b>22935</b>	<b>4.30</b>	<b>4010</b>	<b>2562</b>	<b>-36.11</b>
Non-ADP Capital	10442	10595	1.47	2556	3057	19.60
Net Lending	7727	9047	17.08	1150	-602	-152.35
Non-ADP Project	2077	2346	12.95	241	0	-100.00
FFW	1026	376	-63.35	0	0	-
Development Expenditure under Revenue Budget	717	571	-20.36	63	107	69.84
<b>4. Development Spending</b>	<b>55325</b>	<b>59567</b>	<b>7.67</b>	<b>13466</b>	<b>12939</b>	<b>-3.91</b>
<b>Total (1+2+3+4)</b>	<b>188218</b>	<b>203618</b>	<b>8.17</b>	<b>60521</b>	<b>61256</b>	<b>1.21</b>
<b>Total Spending (Percent of GDP)</b>	<b>14.01</b>	<b>13.45</b>	<b>-3.97</b>	<b>4.00</b>	<b>3.57</b>	

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

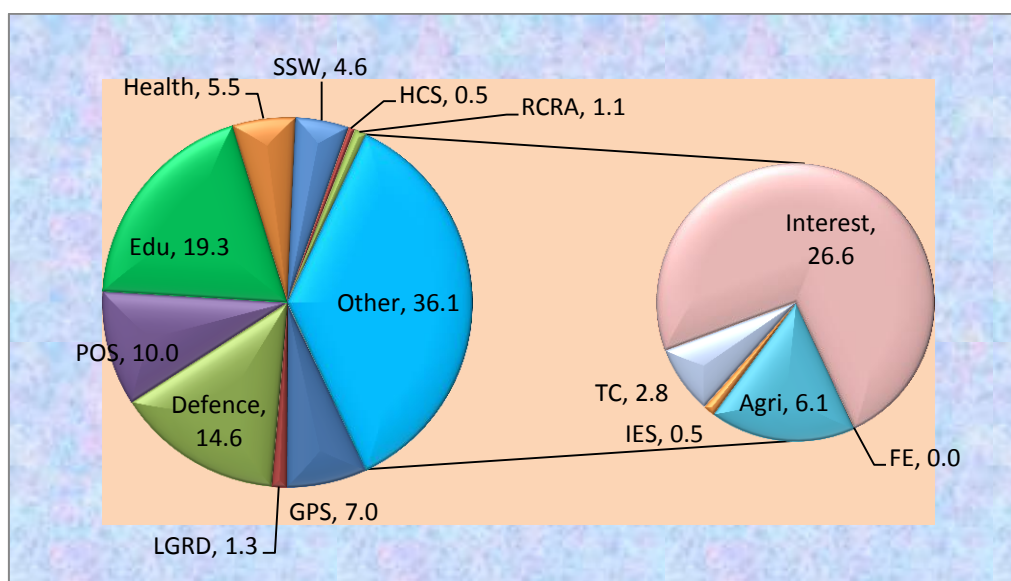
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 14-16)



### 1.4 Composition of Revenue Expenditure

Interest payment (26.6%) was the highest spending item followed by education and technology sector (19.3%) in July-November of FY 16 (chart 1.3).

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

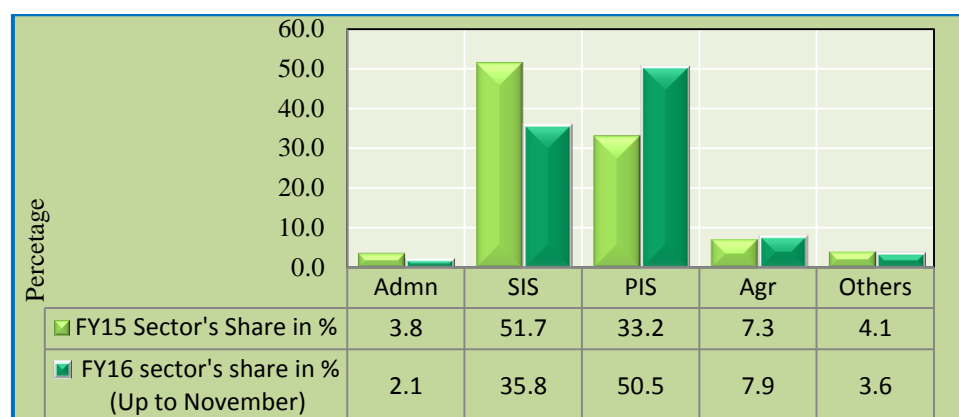


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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-November of FY16, highest share of spending went to Physical Infrastructure ( 50.5%) followed by Social Infrastructure (35.8%).

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-November of FY 16 records a surplus of BDT 723 crore against a deficit of BDT 6263 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-November FY15	-6263	-0.41
July-November FY16	723	0.04

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

## 1.7 Deficit Financing

Domestic borrowing from the banking system declined to BDT 515 Crore in FY15 from BDT 18168 Crore in FY 14. On the other hand, borrowing from the non-bank sources increased to BDT 50552 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. Government debt stock declined by BDT 723 Crore during July-November of FY 16

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	515	50552	57675	3.8
July-Nov FY15	-517	3897	2885	6265	0.4
July-Nov FY16	-1148	2874	-2449	-723	0.0

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

## 1.8 Net Sale of NSD Certificates

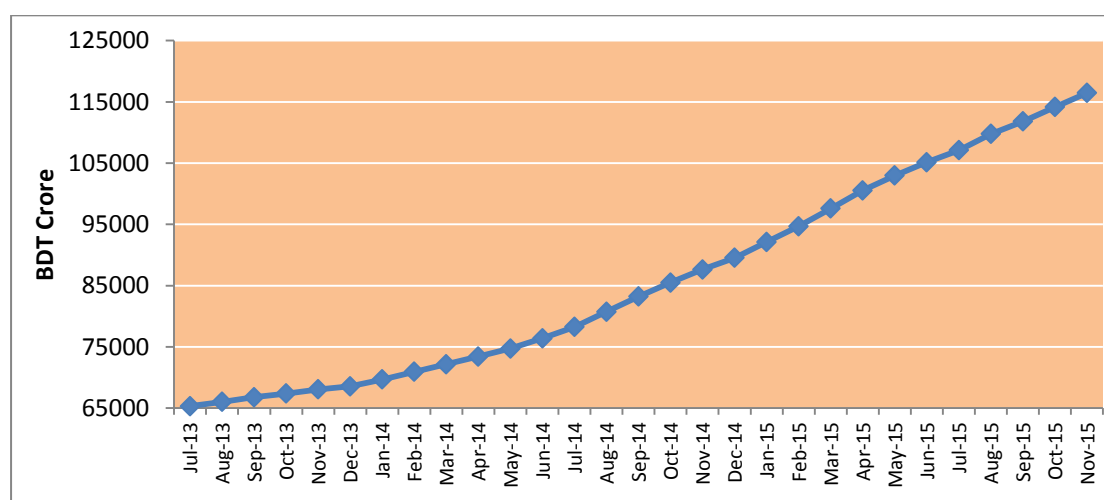
Sale of NSD certificate in July-November period of FY16 stood at Tk. 19,289.99 crore which was 17.47 per cent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 11,325.86 crore by end of November 2015 (table 1.6).

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-Nov FY15	16421.78	5179.77	11242.01	87639.5
July-Nov FY 16	19289.99	7964.13	11325.86	116456.00
Growth (%)	17.47	53.75	0.75	32.88

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 November, 2015 was 13.81 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 25.67 and 10.35 percent increase respectively. During the month of November 2015, private sector credit expansion was quite remarkable (13.72percent) which contributed to 10.31 percent of domestic credit growth despite negative growth in public sector credit (-3.54 percent).



Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		Nov FY 15	Percentage changes	
	Jun FY 14	Jun FY 15	Nov FY 16	Up to Nov FY 16	Nov 15 over Nov 14		Up to Nov FY 16	Nov 15 over Nov 14
Net Foreign Assets	1600.6	1892.3	2057.5	165.2	420.3	1637.2	8.73	25.67
Net Domestic Asset	5405.7	5983.9	6194.3	210.4	580.9	5613.4	3.52	10.35
Domestic Credit	6379.1	7015.3	7302.8	287.5	682.4	6620.4	4.10	10.31
Public Sector	1302.7	1269.3	1263.5	-5.7	-46.3	1309.9	-0.45	-3.54
Govt (Net)	1175.3	1102.6	1101.1	-1.5	-45.8	1146.9	-0.13	-3.99
Other Public Sector	127.4	166.7	162.4	-4.3	-0.5	163.0	-2.56	-0.34
Private sector	5076.4	5746.0	6039.2	293.2	728.7	5310.5	5.10	13.72
Net Other Item	-973.4	-1031.4	-1108.5	-77.1	-101.5	-1007.0	7.47	10.08
Broad Money	7006.2	7876.1	8251.8	375.7	1001.2	7250.7	4.77	13.81

Source: Monthly Economic Trends, Bangladesh Bank

## 2.2 Reserve money and money multiplier

Reserve money recorded an increase of 14.39 percent at the end of November 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 5.23 at the end of November 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	November FY16	Up to November FY 16	November FY 16 over November FY 15
Reserve money	1298.8	1484.8	1576.5	91.7 (+6.17)	198.3 (+14.39)
Money multiplier	5.39	5.30	5.23	-0.07	-0.03

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 (Table 3.1). During July-November of FY 16 export earnings increased by 6.71 percent compared to the corresponding period of the previous fiscal. Mentionable that growth in export earnings in the month of November 2015 (year on year basis) was 13.73 percent which was 9.27 percent in the same month of previous fiscal year.

Table 3.1: Export Performance

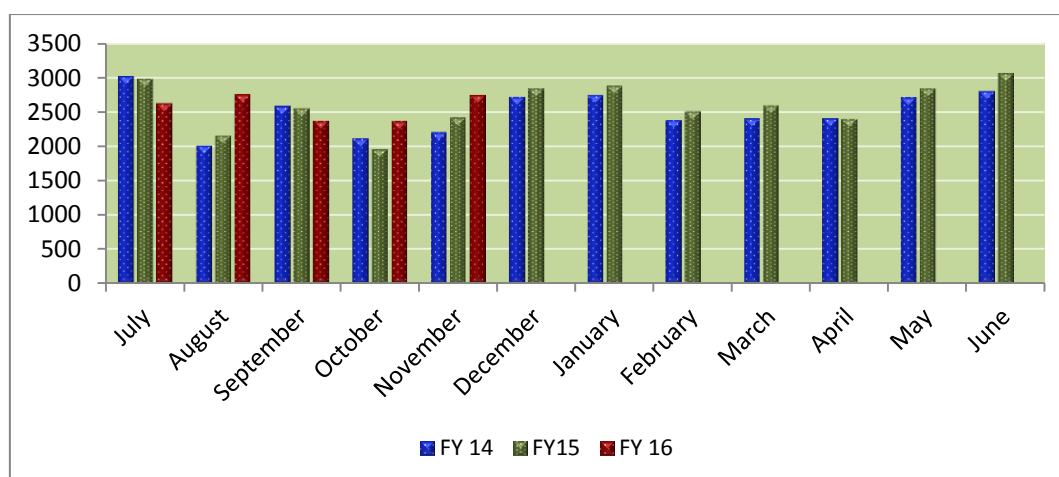
(Million US\$)

	FY 14	FY 15	July-Nov FY 16	Nov FY 16
<b>Export</b>	30186.62	31208.94	12879.83	2749.34
<b>Growth (%)*</b>	11.69	3.39	6.71	13.73

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-November of FY16, import payments reduced by 7.44 percent and stood at USD 16864.0 million (Table 3.2). However, there was a positive growth (2.48%) in import LC settlement during this period.

Table 3.2: Import Scenario

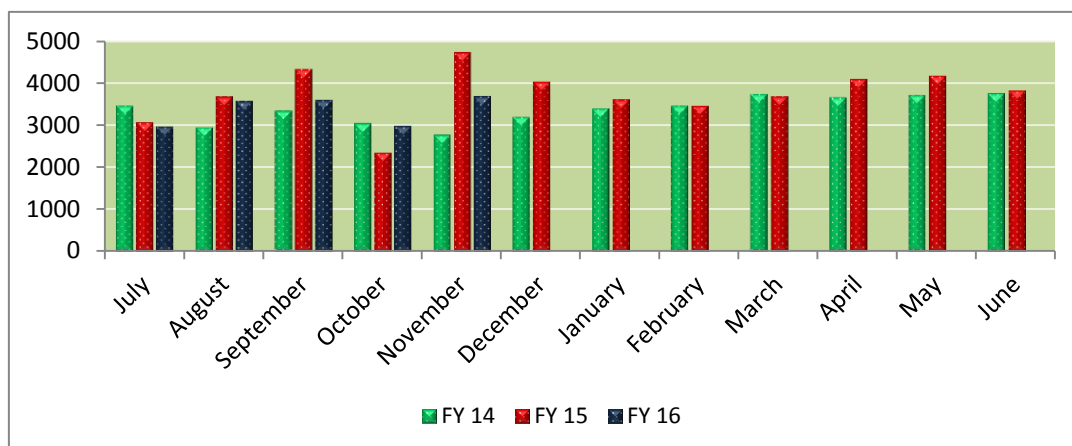
(Million US\$)

Period	FY 14	FY 15	FY 16 (up to November)	FY 16 November
<b>Import payments</b>	40616.40	45190.2	16864	3700.0
<b>Growth (%)</b>	8.92	11.26	-7.44	-22.05
<b>LCs Opened</b>	41818.56	43068.76	17479.53	4468.22
<b>Growth (%)</b>	16.29	2.99	-1.46	18.81
<b>LCs Settled</b>	37188.84	38455.24	16602.3	3407.74
<b>Growth (%)</b>	14.93	3.41	2.48	4.54

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 0.60 percent in July-November of FY 16 compared to the same period of the previous fiscal year.

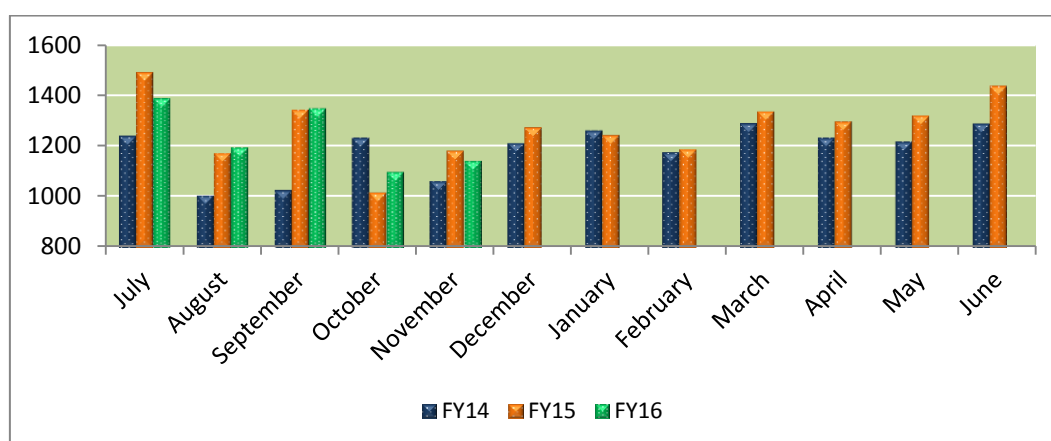
Table-3.3: Remittance Performance

(In million US\$)

	FY 14	FY 15	FY 16 Up to November	FY 16 November
Remittances	14228.3	15316.9	6174.6	1142.48
Growth (%)	-1.61	7.65	-0.60	-3.42
As % of GDP	8.23	7.86	2.80	-
As % of Export	47.13	49.08	47.94	41.55

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.4 Exchange Rate Movements

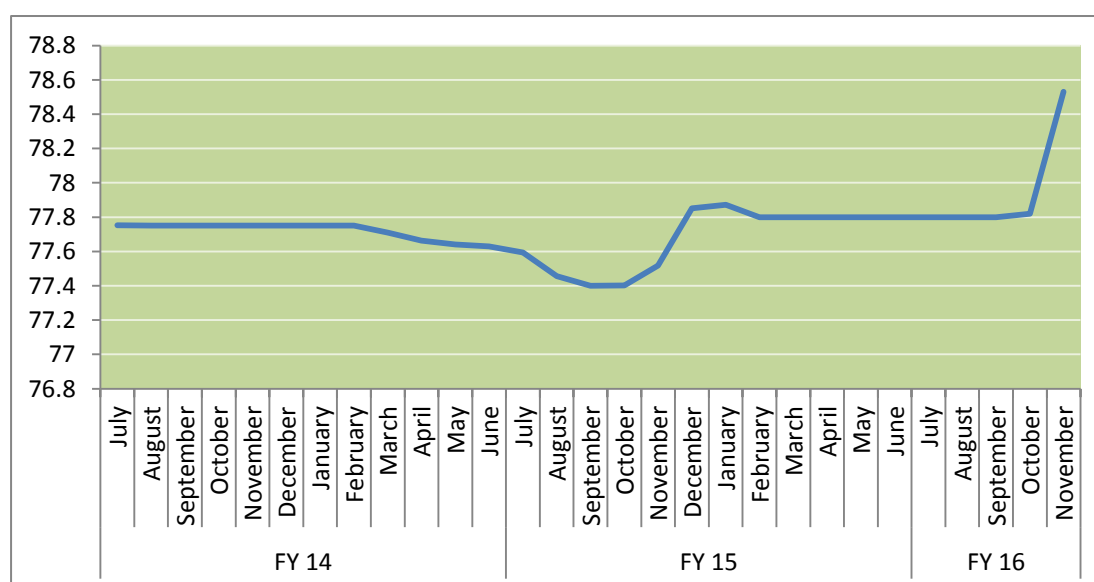
The exchange rate movement (monthly average) from July 2013 to November 2015 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from February to November, 2014. However, BDT depreciated by 1.44 percent against US dollar from its level of end June 2015 at the end of November 2015.

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
October	77.82	77.99
November	78.53	78.94

Source: Bangladesh Bank

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



### 3.5 External Reserve

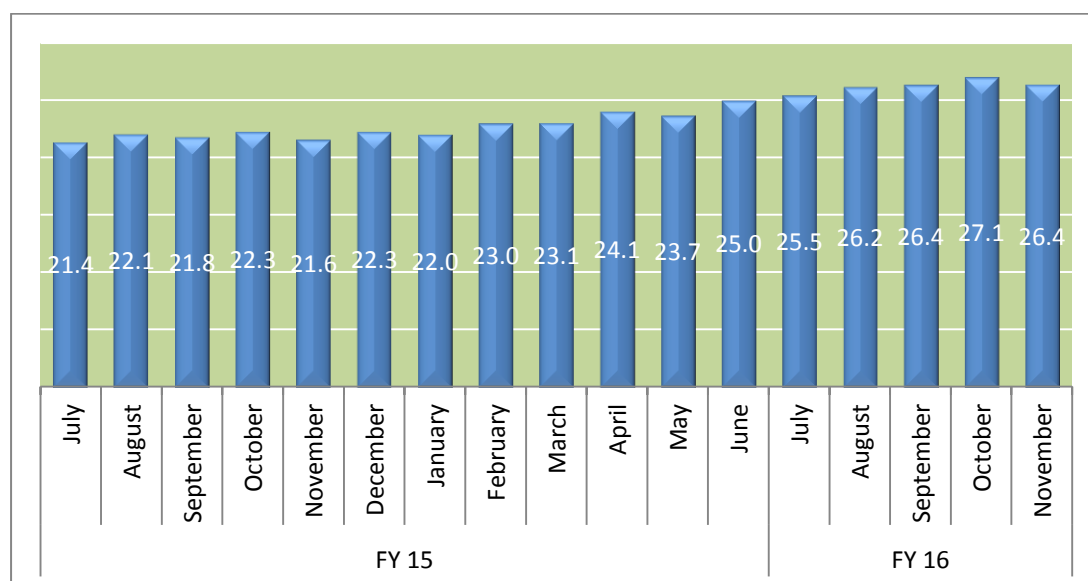
The gross foreign exchange reserve of Bangladesh Bank decreased to US\$ 26407.63 million at the end of November of FY 16 from US\$ 27058.39 million in the previous month. The gross foreign exchange reserve at the end of November of FY16 is equivalent to import payments of 7.83 months.

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

	FY 13	FY 14	FY 15	As on end of November FY 16
Reserve	15315.23	21508.0	25025.50	26407.63
In month of import payment	4.64	5.89	6.65	7.83

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 increased to US\$ 3031 million in July-November of FY 16 from US\$ 3019 million in the corresponding period of the FY15. Nevertheless, current account balance was positive US\$ 1057 million. Surplus in both capital and financial account resulted in a surplus of US\$ 2044 million in overall balances during in July-November of FY16.

Table 3.6: Balance of Payments

(Million US\$)

	2013-14 <sup>R</sup> (July-June)	2014-15p (July-June)	July-November, FY 15 <sup>R</sup>	July-November, FY 16 <sup>P</sup>
Trade Balance	-6794	-9917	-3019	-3031
Current Account Balance	1406	-1645	582	1057
Capital Account	598	491	132	150
Financial Account	2813	5150	434	755
Overall Balance	5483	4373	1157	2044

Source: Bangladesh Bank. R=Revised

## 4. REAL SECTOR

### 4.1 Real Sector Indicators

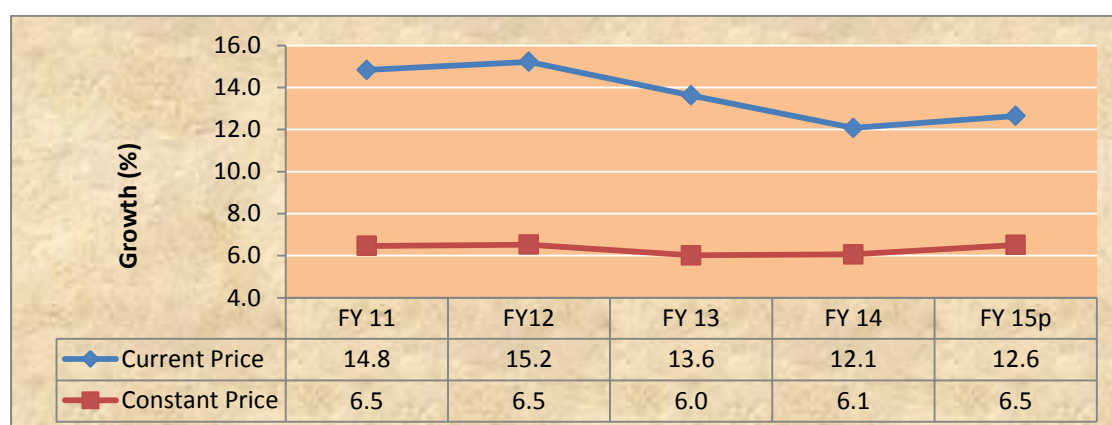
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY15 was 6.51 percent (Base year 2005-06). Per capita GNI in FY15 reached US\$ 1314.

Table 4.1 Real sector indicators

Concepts	Unit	FY 11	FY 12	FY 13	FY 14	FY 15
GDP at constant prices	Billion taka	6463.4	6884.9	7299.0	7741.4	8248.6
Growth	%	6.46	6.52	6.01	6.06	6.55
GDP at current prices	Billion taka	9158.3	10552.0	11989.2	13436.7	15158.0
Growth	%	14.83	15.22	13.62	12.07	12.81
GNI at current prices	Billion taka	9883.4	11445.1	12953.5	14332.2	16142.0
Per capita GDP	taka	61198	69614	78009	86266	96004
Per capita GNI	taka	66044	75505	84283	92015	102236
Per capita GDP	US\$	860	880	976	1110	1236
Per capita GNI	US\$	928	955	1054	1184	1316

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

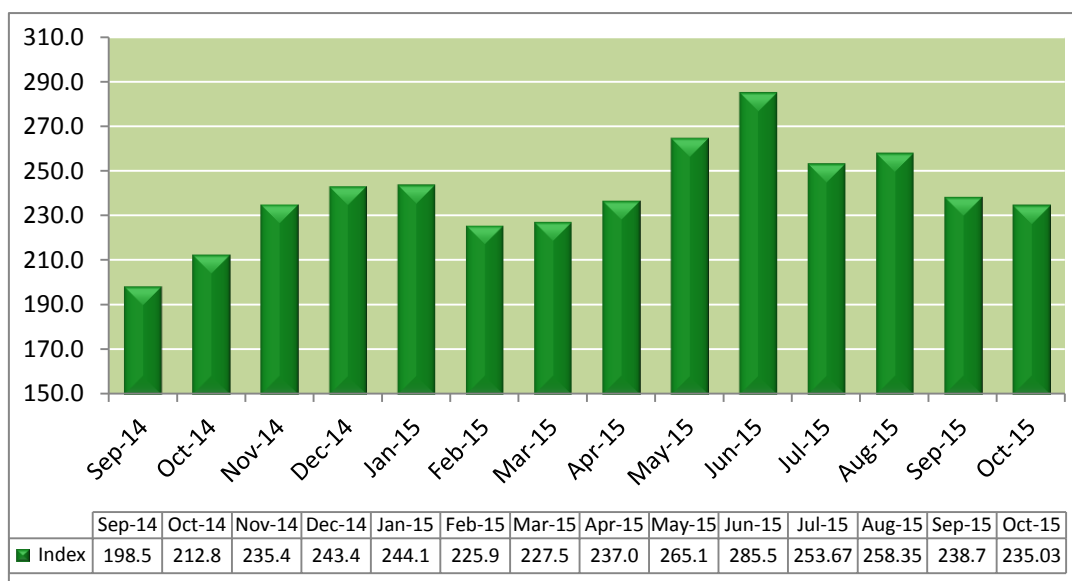
Quantum Index of Industrial Production increased by 18.4 percent and became 235.0 in September 2015 which was 233.3 in the same month of previous fiscal year (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 10.7 percent in 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	135.0	5.9
2010-11	157.9	16.9
2011-12	174.9	10.8
2012-13	195.2	11.6
2013-14	213.2	8.2
2015-15	236.1	10.7
October, 2014	198.5	3.7
October, 2015	235.0	18.4

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

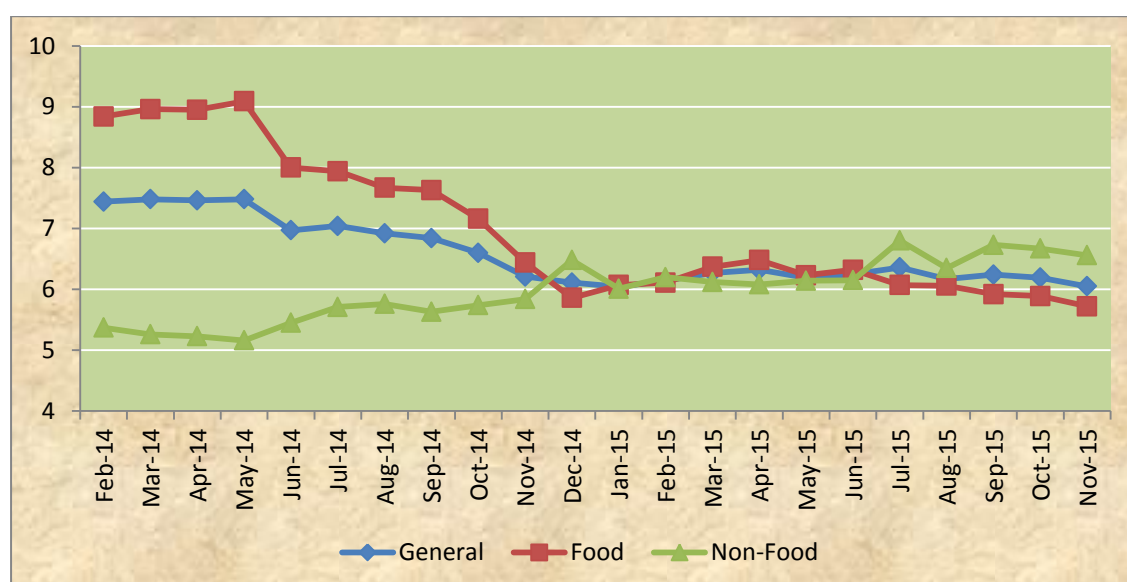
In FY15, the average rate of inflation (12-month average basis) was 6.41 percent (table-4.3). On the twelve month average basis general inflation reduced to 6.20 percent in November 2015, of which food and non-food inflation were 6.09 percent and 6.36 percent, respectively. On the other hand, point to point inflation stood at 6.05 percent in the same month, of which, food and non-food inflation were 5.72 percent and 6.56 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
October	6.21	6.15	6.30
November	6.20	6.09	6.36

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics