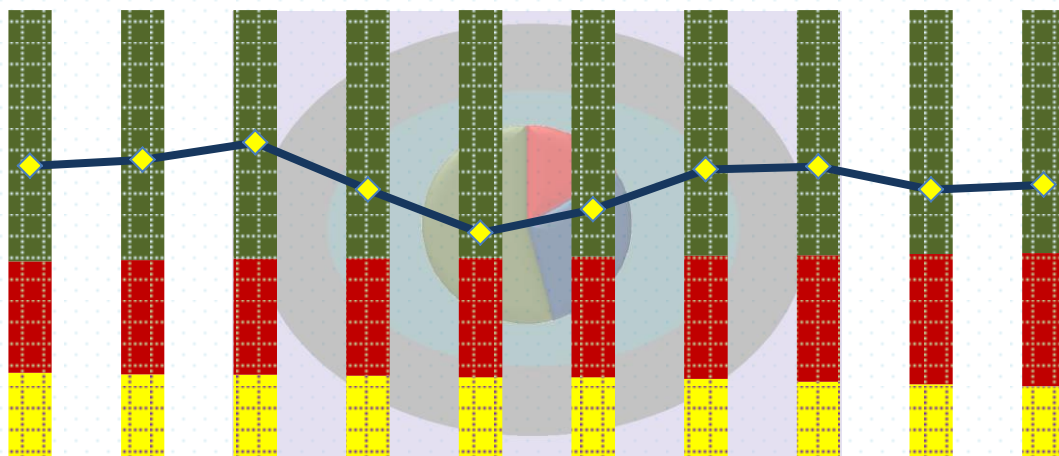




# MONTHLY REPORT ON FISCAL-MACRO POSITION

June, 2016



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## **Executive Summary**

The June 2016 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-June of FY16, total revenue collection increased by 18.90 percent compared to the same period of previous fiscal year. Similarly, total government spending increased by 11.03 percent during the same period.

### **Monetary Sector**

Broad Money growth was 14.02 percent in the end of June of FY16 compared to the previous fiscal mainly due to 23.20 percent and 14.18 percent growth in NFA and NDA respectively. Reserve money growth in June FY16 over June FY15 was 30.12 percent.

### **External Sector**

Both export earnings and import payments increased by 9.77 percent and 6.05 percent respectively during July-June of FY16 compared to the same period of the previous fiscal. On the other hand, remittance receipt decreased by 2.52 percent during this period whereas, foreign exchange reserve increased to US\$ 30168.22 million in the end of June of FY 16 which was equivalent to import payments of 8.4 months.

### **Real Sector**

According to the final estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY16 stood at 7.11 percent (Base year 2005-06). Per capita GNI in FY16 reached to US\$ 1465. The average rate of inflation (12-month average basis) in June 2016 stood at 5.92 percent. On point to point basis, inflation was 5.53 percent in June 2016, of which, food and non-food inflation were 4.23 percent and 7.50 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 277.97 in June 2015 and became 321.19 in June 2016.

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

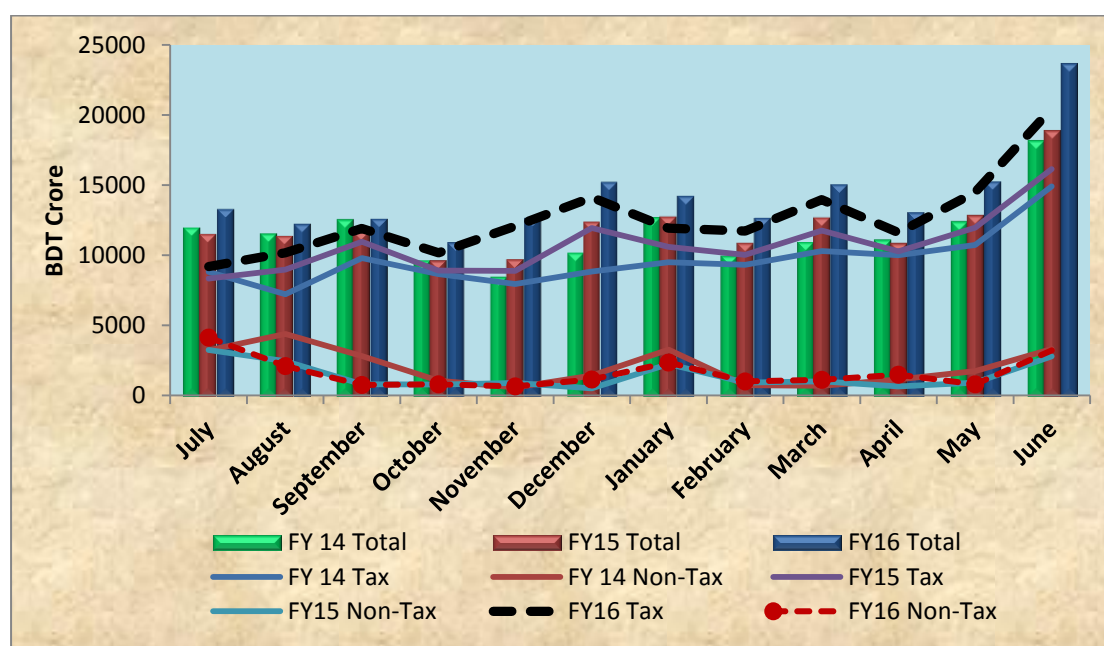
Total revenue earning increased by 18.90 percent during July-June of FY16 compared to the same period of FY 15. Growth rates of Tax and Non-tax revenue during this period were 17.96 percent and 26.68 percent respectively.

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) <sup>R</sup>	123917	4821	128738	15448	144185
Growth (%)	11.22	4.62	10.95	-36.54	2.72
2015-16 (Actual)*	146220.0	5645.0	151865.0	19569.0	171434.0
Growth (%)	18.00	17.09	17.96	26.68	18.90

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. \* Provisional, R=Revised

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 61.19 percent in FY 15 compared to FY14. During July-June of FY16, grant receipt decreased by 45.03 percent to TK. 1356 Crore against TK. 2467 Crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

FY 14 (Actual)	FY 15 <sup>R</sup> (Actual)	Growth (%)	FY 16* (Actual)	Growth (%) over FY15
6357	2467	-61.19	1356	-45.03

Source: Integrated Budgeting & Accounting System (iBAS), Finance Division. \* Provisional, R=Revised

### 1.3 Government Expenditure

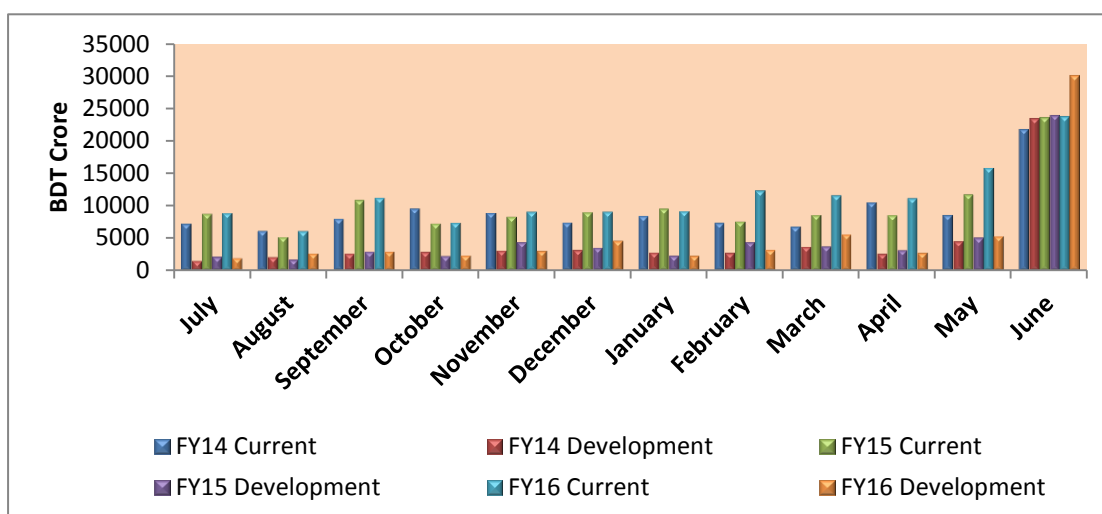
According to iBAS database, total government expenditure increased by 11.03 percent in July-June of FY16 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 3.91 percent within the same period. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 83488 Crore in FY16, recording 21.8 percent increase over the same period of the previous fiscal year.

Table 1.3: Government Expenditures (In crore taka)

Category of expenditures	Actual FY 14	Actual <sup>R</sup> FY 15	Growth (%)	Actual FY 16	Growth (%)
1. Current Spending	110572	114068	3.16	136019	19.24
Pay and Allowances	26344	27463	4.25	39246	42.90
Goods and Services	15053	15919	5.75	18645	17.11
Interest Payment	28223	30234	7.13	29448	-2.60
Domestic	26619	29138	9.46	27826	-4.50
Foreign	1604	1096	-31.67	1622	47.99
Subsidy and Transfer	40711	40280	-1.06	48452	20.29
Others	241	172	-28.63	227	31.98
2. Food Accounts	332	2122	539.16	3797	78.93
3. Non-ADP Capital & Net Lending	21989	22031	0.19	18234	-17.20
Non-ADP Capital	10442	9657	-7.52	15929	64.94
Net Lending	7727	9072	17.41	1059	-88.24
Non-ADP Project	2077	2346	12.95	138	-94.12
FFW	1026	377	-63.26	602	59.68
Development Expenditure under Revenue Budget	717	579	-19.25	507	-12.44
4. Development Spending	55325	64486	16.56	67009	3.91
Total (1+2+3+4)	188218	202707	7.70	225060	11.03
Total Spending (Percent of GDP)	14.01	13.37	-4.53	12.99	-

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

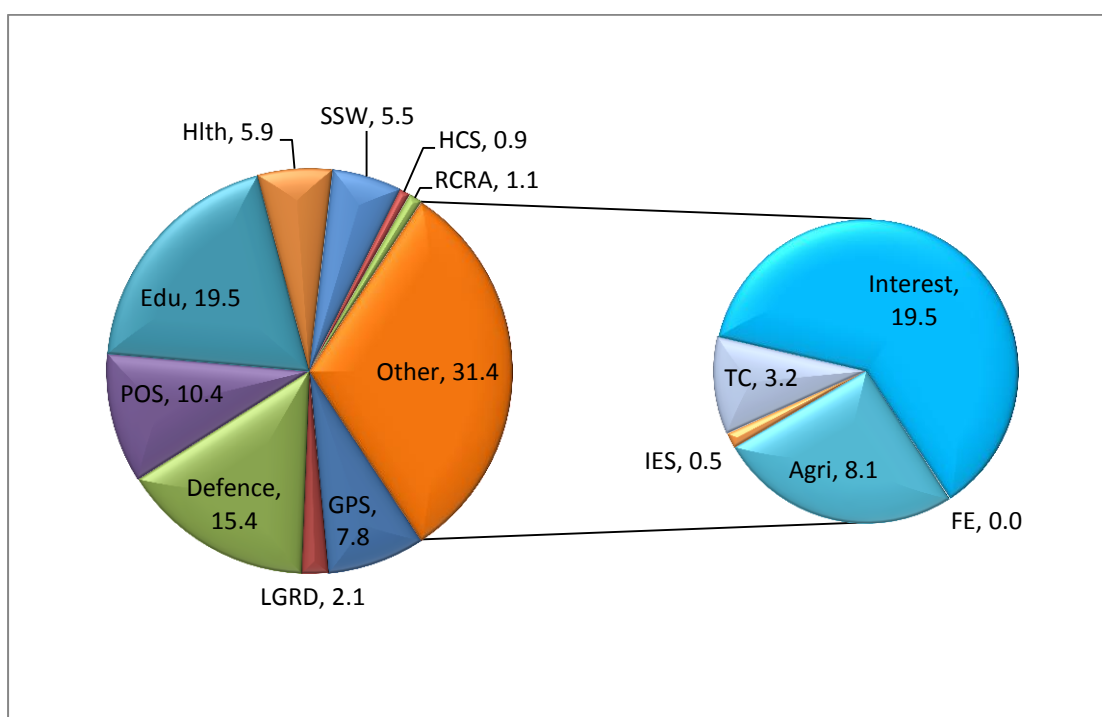
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 14-16)



### 1.4 Composition of Revenue Expenditure

Spending on Education and Interest payment (19.5%) were the highest followed by defense (15.4%) in FY 16 (chart 1.3).

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

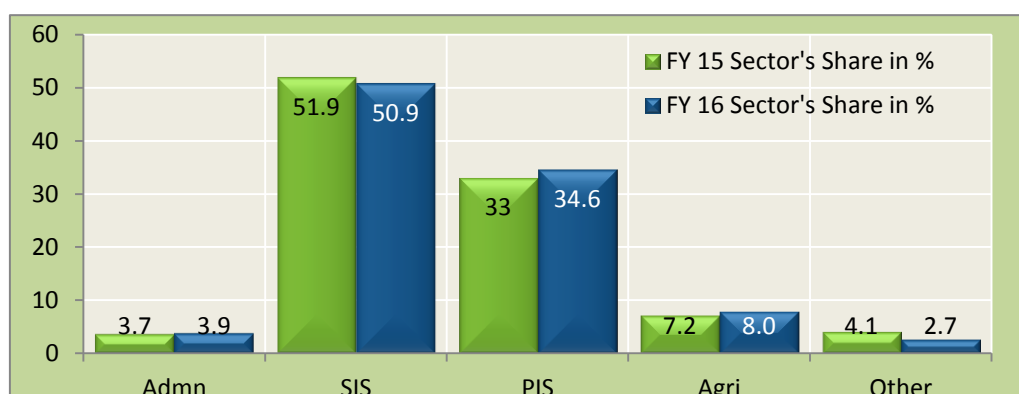


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 development expenditure shows that, over the period of FY16, highest share of spending went to Social Infrastructure (50.9%) followed by Physical Infrastructure (34.6%).

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



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 3.86 percent of GDP (Base year 2005-06), which was 3.56 percent in FY14. Overall budget balance including grants during July-June of FY16 records a deficit of BDT 53,627 crore against a deficit of BDT 58,011 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	-3.56
2014-15	-58522	-3.86
July-June FY16	-53627	-3.09

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

### 1.7 Deficit Financing

Domestic borrowing from the banking system increased to BDT 10615 Crore in FY16 from BDT 4893 Crore in FY 15. On the other hand, borrowing from the non-bank sources decreased to BDT 37205 Crore from 40769 Crore within the same period. Net borrowing from the external sources declined to BDT 5816 Crore in FY 16 from BDT 12894 Crore in FY 15. Government total debt stock increased by BDT 53636 Crore in FY 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	12894	4893	40769	58556	3.9
July-June FY16	5816	10615	37205	53636	3.1

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

## 1.8 Net Sale of NSD Certificates

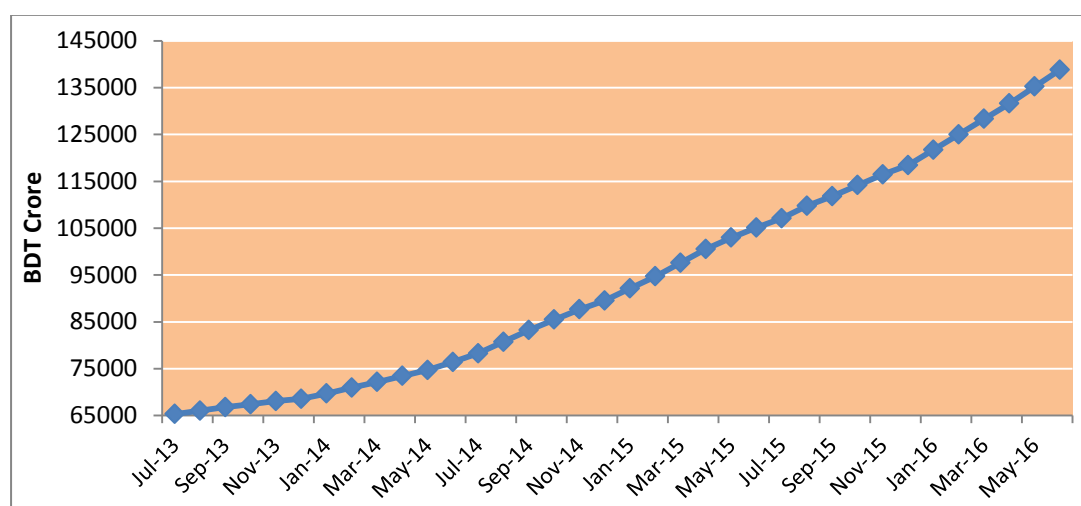
Sale of NSD certificate in July-June period of FY16 stood at Tk. 53712.45 Crore which was 25.91 percent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk. 33688.6 Crore by end of June 2016 (table 1.6).

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
2015-16	53712.45	20023.86	33688.59	138818.74
Growth (%)	25.91	43.78	17.25	32.04

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 June, 2016 was 16.35 percent (table 2.1) compared to the same month of previous fiscal. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 23.20 and 14.18 percent increase respectively. During the month of June 2016, private sector credit expansion was quite remarkable (16.78 percent) which contributed to 14.22 percent of domestic credit growth despite very insignificant growth in public sector credit (2.63 percent).



Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock	June FY 15	Percentage changes
	Jun FY 14	Jun FY 15	June FY 16	Up to June FY 16		Up to June FY 16
Net Foreign Assets	1600.6	1892.3	2331.4	439.1	1892.3	23.20
Net Domestic Asset	5405.7	5983.9	6832.4	848.6	5983.9	14.18
Domestic Credit	6379.1	7015.3	8012.8	997.5	7015.3	14.22
Public Sector	1302.7	1269.3	1302.7	33.4	1269.3	2.63
Govt (Net)	1175.3	1102.6	1142.2	39.6	1102.6	3.59
Other Public Sector	127.4	166.7	160.5	-6.2	166.7	-3.71
Private sector	5076.4	5746.0	6710.1	964.1	5746.0	16.78
Net Other Item	-973.4	-1031.4	-1180.4	-149.0	-1031.4	14.44
Broad Money	7006.2	7876.1	9163.8	1287.6	7876.1	16.35

Source: Monthly Economic Trends, Bangladesh Bank

## 2.2 Reserve money and money multiplier

Reserve money recorded an increase of 30.12 percent at the end of June FY16 over the same period of previous fiscal year (table 2.2). At the same time the value of reserve money multiplier declined to 4.74 at the end of June 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 FY14	June FY 15	June FY16	Up to June FY 16
Reserve money	1298.8	1484.8	1932.0	447.2(+30.12)
Money multiplier	5.39	5.30	4.74	-0.56

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

## 3. EXTERNAL SECTOR

### 3.1 Export

Export earnings increased by 9.77 percent and stood at US\$ 34257.18 million during FY16 compared with the same period of last fiscal year (Table 3.1). In the month of June 2016, export grew by (year on year basis) 17.24 percent which was 9.05 percent in the same month of previous fiscal year.

Table 3.1: Export Performance

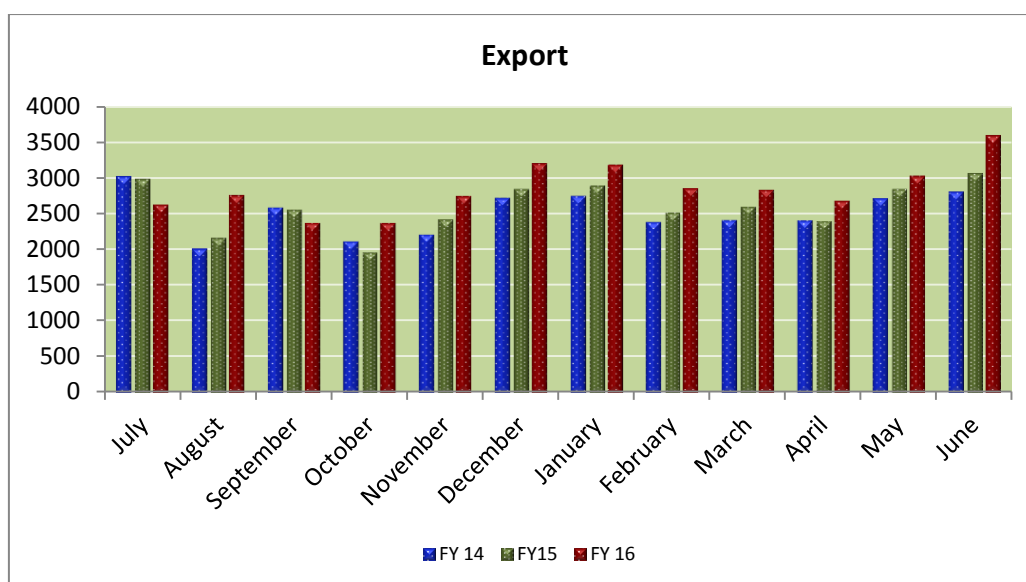
(Million US\$)

	FY 14	FY 15	July- June FY 16	June FY16
<b>Export</b>	30186.62	31208.94	34257.18	3592.97
<b>Growth (%)*</b>	11.69	3.39	9.77	17.24

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- June of FY16, import payments, import LCs opening and import LC settlement increased by 6.05 percent 0.62 percent and 4.22 percent respectively (Table 3.2).

Table 3.2: Import Scenario

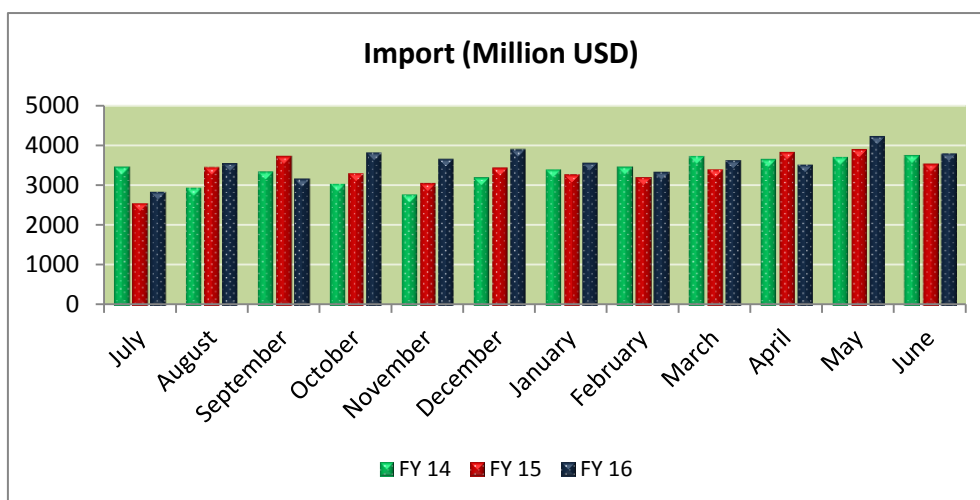
(Million US\$)

Period	FY 14	FY 15	FY 16 * (up to June)	FY 16 June
Import payments	40616.40	40703.7	43167.5	3816.0
Growth (%)	8.92	0.21	6.05	7.85
LCs Opened	41818.56	43068.76	43335.33	4623.44
Growth(%)	16.29	2.99	0.62	29.86
LCs Settled	37188.84	38455.24	40076.2	3414.76
Growth(%)	14.93	3.41	4.22	4.05

\*revised figure, 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 2.52 percent in July-June of FY 16 compared to the same period of the previous fiscal year.

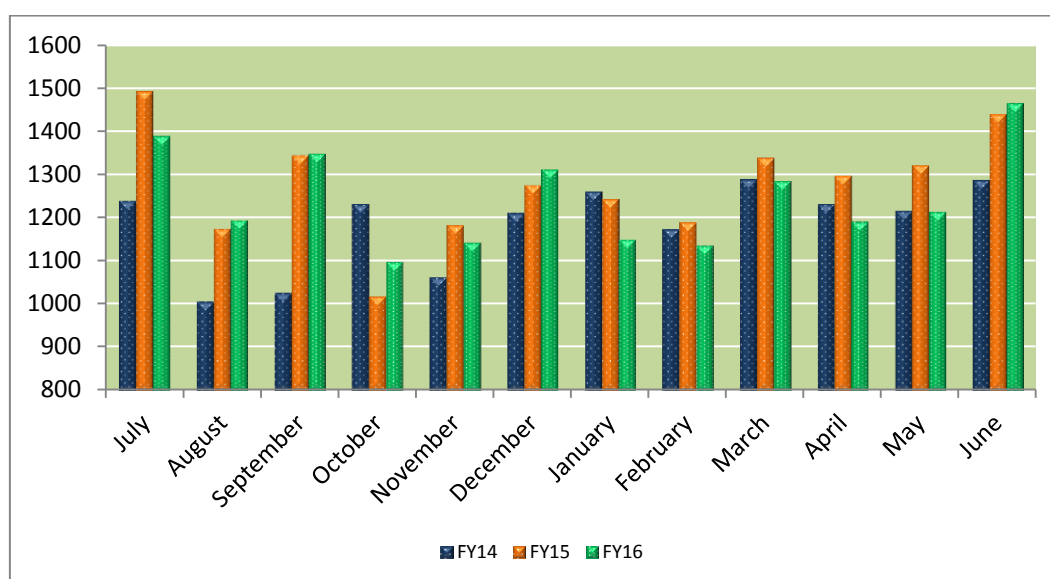
Table-3.3: Remittance Performance

(In million US\$)

	FY 14	FY 15	FY 16 Up to June	FY 16 June
Remittances	14228.3	15316.9	14931.2	1465.88
Growth (%)	-1.61	7.65	-2.52	-8.12
As % of GDP	8.23	7.85	6.74	-
As % of Export	47.13	49.08	43.59	40.80

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.4 Exchange Rate Movements

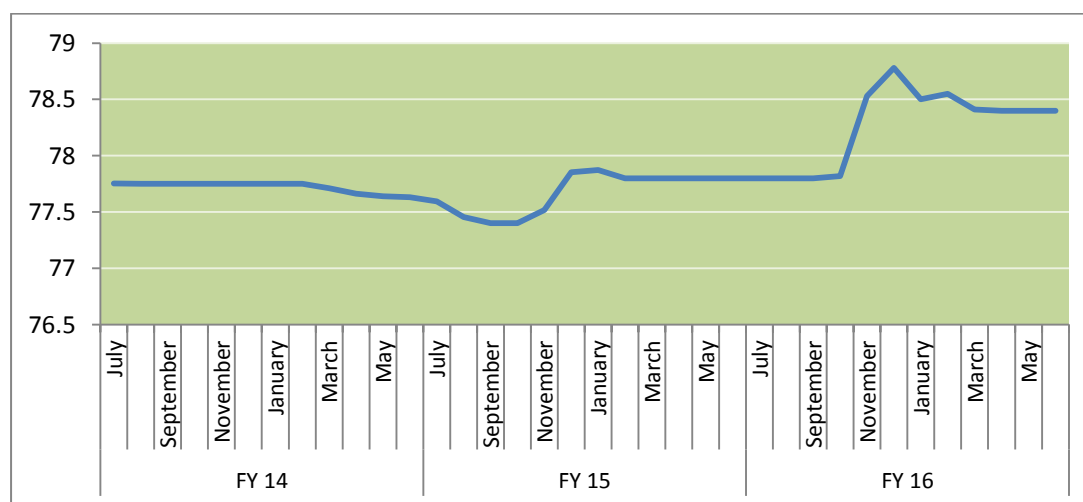
The exchange rate movement (monthly average) from July 2013 to June 2016 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from June 2014 to October, 2015. However, BDT depreciated by 0.77 percent against US dollar from its level of end June 2015 at the end of June 2016.

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

Period	Average	End of the period
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	78.93
December	78.78	78.50
January	78.50	78.50
February	78.55	78.45
March	78.41	78.40
April	78.40	78.40
May	78.40	78.40
June	78.40	78.40

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.5 External Reserve

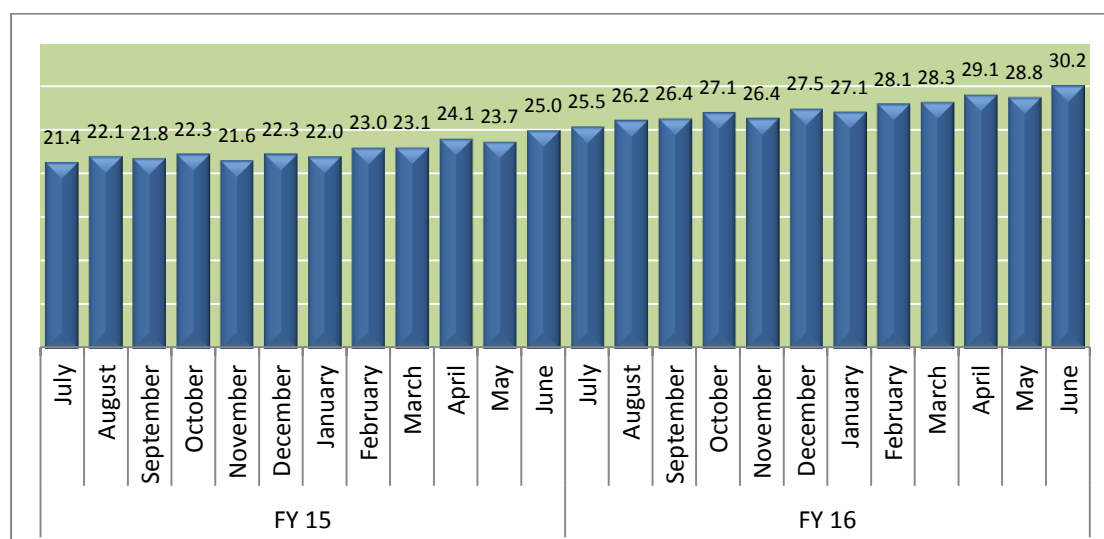
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 30168.22 million at the end of June of FY 16 from US\$ 28802.90 million in the previous month. The gross foreign exchange reserve at the end of June of FY16 is equivalent to import payments of 8.4 months.

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

	FY 13	FY 14	FY 15	As on end of June FY 16
Reserve	15315.23	21508.0	25025.50	30168.22
In month of import payment	4.64	5.89	6.65	8.4

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 decreased to US\$ 6274 million in July-June of FY 16 from US\$ 6965 million in the corresponding period of the FY15. It contributed to increase current account balance to US\$ 3706 million from US\$ 2875 million in the corresponding period of the previous fiscal year. Surplus in both capital and financial account along with a positive current account balance resulted in a surplus of US\$ 5036 million in overall balances during in July-June of FY16.

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

	2013-14 <sup>R</sup> (July-June)	2014-15 <sup>R</sup> (July-June)	2015-16 <sup>P</sup> (July-June)
Trade Balance	-6794	-6965	-6274
Current Account Balance	1406	2875	3706
Capital Account	598	496	478
Financial Account	2813	1925	1610
Overall Balance	5483	4373	5036

Source: Bangladesh Bank. R=Revised

## 4. REAL SECTOR

### 4.1 Real Sector Indicators

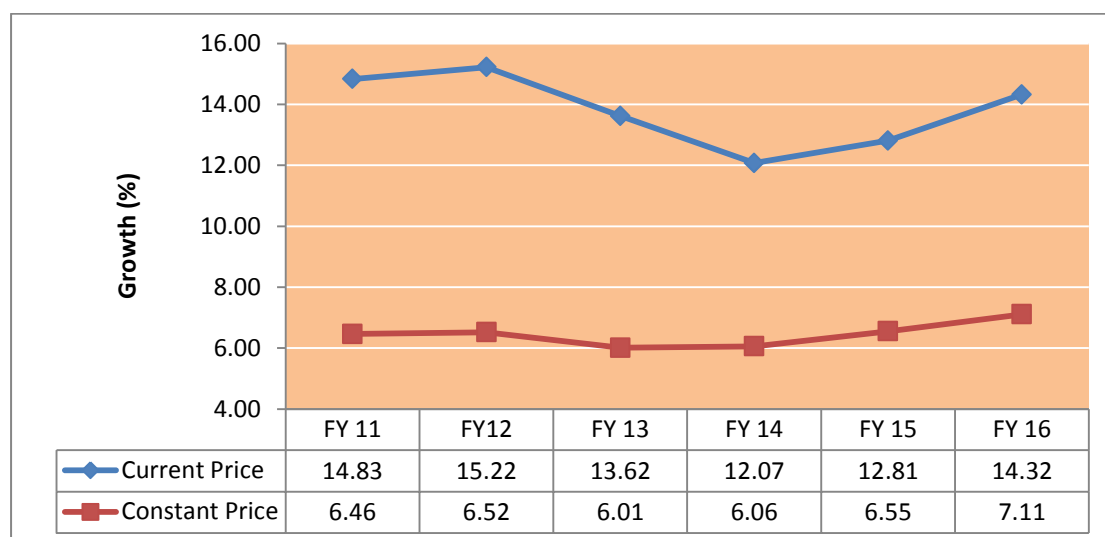
According to Bangladesh Bureau of Statistics (BBS), real GDP growth in FY16 is 7.11 percent (Base year 2005-06). Per capita GNI in FY16 reached US\$ 1465.

Table 4.1 Real sector indicators

Concepts	Unit	FY 12	FY 13	FY 14	FY 15	FY16(p)
GDP at constant prices	Billion Tk.	6884.9	7299.0	7741.4	8248.6	8835.4
Growth	%	6.52	6.01	6.06	6.55	7.11
GDP at current prices	Billion Tk.	10552.0	11989.2	13436.7	15158.0	17328.6
Growth	%	15.22	13.62	12.07	12.81	14.32
GNI at current prices	Billion Tk.	11445.1	12953.5	14332.2	16142.0	18326.7
Per capita GDP	Taka	69614	78009	86266	96004	108378
Per capita GNI	Taka	75505	84283	92015	102236	114621
Per capita GDP	US\$	880	976	1110	1236	1385
Per capita GNI	US\$	955	1054	1184	1316	1465

Source: Bangladesh Bureau of Statistics, P= provisional

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



Source: Bangladesh Bureau of Statistics

## 4.2 Quantum Index of Industrial Production

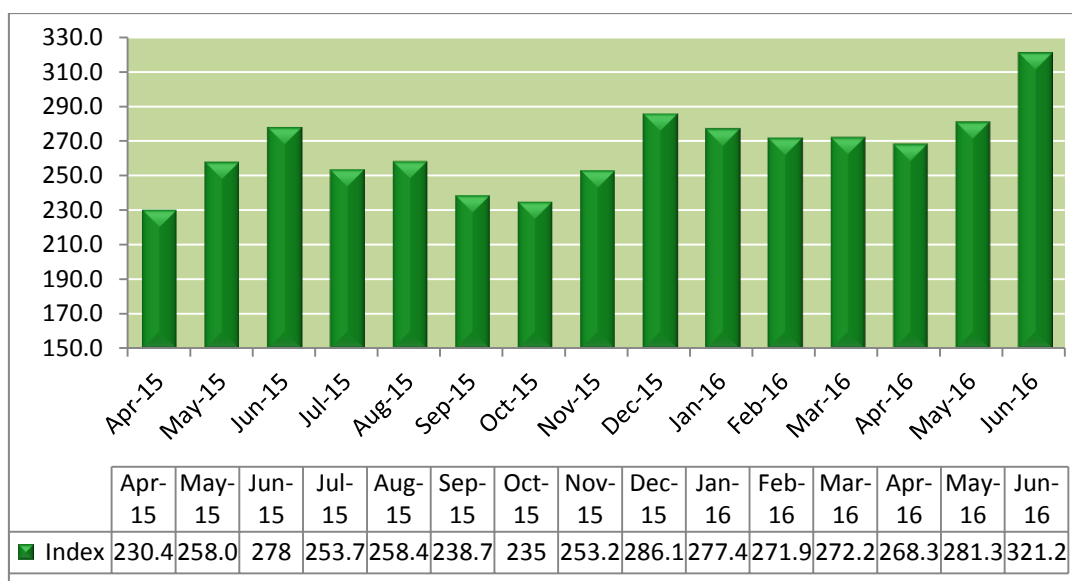
Quantum Index of Industrial Production increased by 15.5 percent and became 321.2 in June 2016 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 10.7 percent in FY 15 which was 8.2 percent in FY 14.

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
2015-15	236.1	10.7
June, 2015	278.0	15.8
June, 2016	321.2	15.5

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

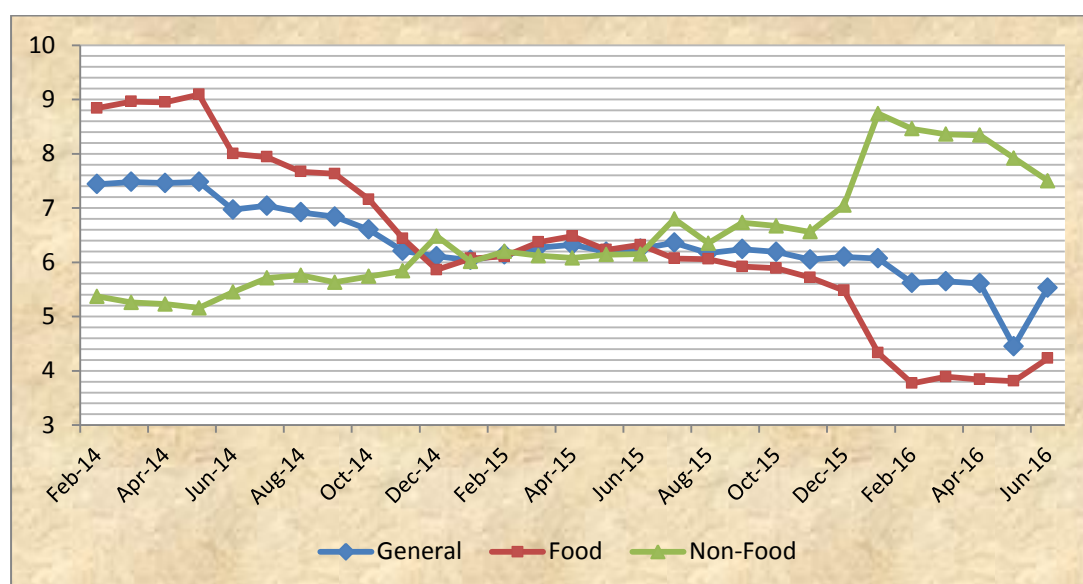
In FY15, the average rate of inflation (12-month average basis) was 6.41 percent (table-4.3). On the twelve month average basis general inflation reduced to 5.92 percent in June 2016, of which food and non-food inflation were 4.90 percent and 7.47 percent, respectively. On the other hand, point to point inflation stood at 5.53 percent in the same month, of which, food and non-food inflation were 4.23 percent and 7.50 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
December	6.19	6.05	6.41
January	6.20	5.90	6.65
February	6.15	5.70	6.84
March	6.10	5.49	7.03
April	6.04	5.27	7.21
May	5.98	5.07	7.36
June	5.92	4.90	7.47

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics