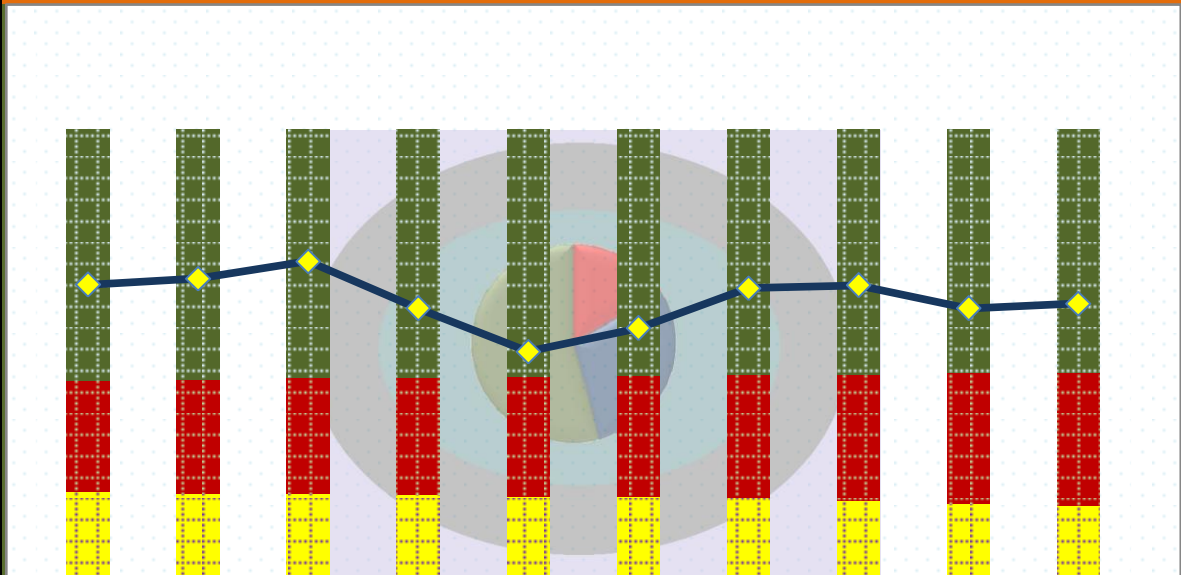




# MONTHLY REPORT ON FISCAL-MACRO POSITION

November, 2016



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## **Executive Summary**

The November 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 satisfactory growth by the end of FY16. During July-November of FY17, total revenue collection increased by 16.67 percent compared to the same period of previous fiscal year. On the other hand, total government spending increased by 27.63 percent during the same period.

### **Monetary Sector**

Broad Money growth was 13.76 percent in the end of November of FY17 compared to the previous fiscal mainly due to 19.10 percent and 11.98 percent growth in Net Foreign Asset (NFA) and Net Domestic Asset (NDA) respectively. Reserve money growth in November of FY17 over November of FY16 was 18.57 percent.

### **External Sector**

Export earnings increased by 6.30 percent during July-November of FY17 compared to the same period of the previous fiscal. Similarly, import payments increased by 9.50 percent during the same period. Remittance receipt decreased by 15.65 percent during this period whereas, foreign exchange reserve stood at US\$ 31370.88 million in the end of November of FY 17 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 November 2016 stood at 5.60 percent. On point to point basis, inflation was 5.38 percent in November 2016, of which, food and non-food inflation were 5.41 percent and 5.33 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 252.53 in November 2015 and became 277.22 in November 2016.

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

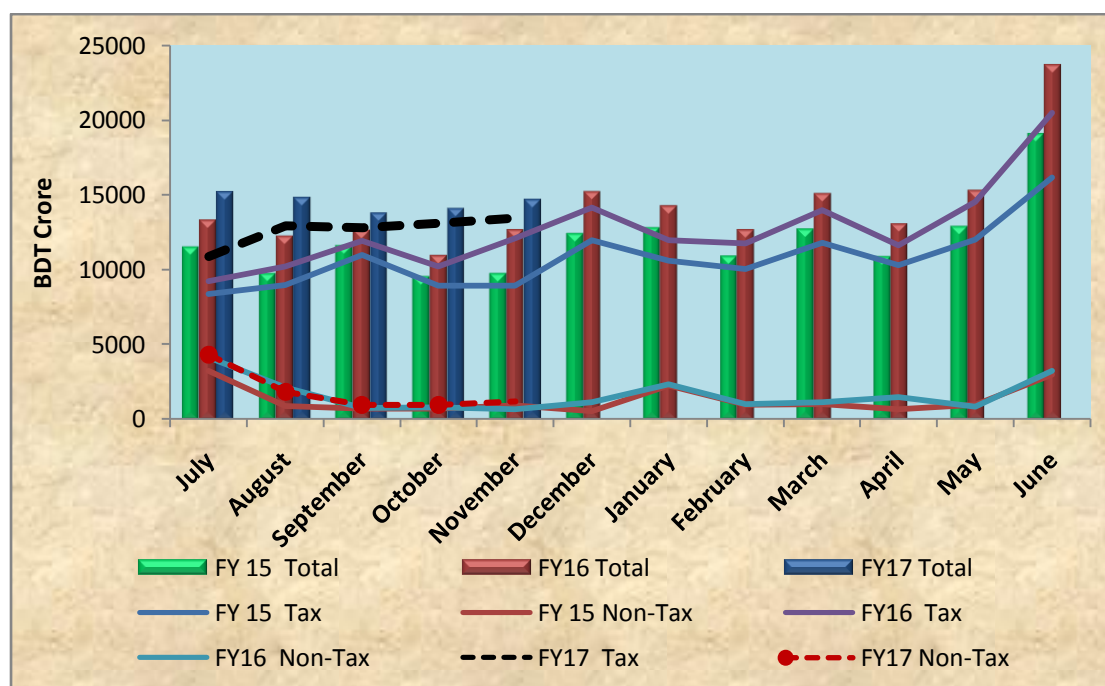
Total revenue earning increased by 16.67 percent during July-November of FY17 compared to the same period of FY 16. Growth rates of Tax and Non-tax revenue during this period were 17.83percent and 9.32 percent respectively.

Table 1.1: Revenue Earning (In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2014-15 (Actual)	123997	4821	128818	17299	146117
2015-16 (Actual)	146232	5645	151877	21064	172941
Growth (%)	17.93	17.09	17.90	21.76	18.36
July-November FY16	51280	2265	53545	8434	61979
July-November FY17	60823	2268	63090	9220	72310
Growth (%)	18.61	0.13	17.83	9.32	16.67

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

Chart 1.1: Monthly Trend of Revenue earnings (FY15-FY17)



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

### 1.2 Grants

Actual grant receipts fell by 26.05 percent in FY 16 compared to FY15. During July – November of FY17, grant receipt decreased by 48.7 percent to TK. 100 Crore against TK. 195Crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

2014-15 (Actual)	2015-16 (Actual)	Growth (%)	FY 16	FY 17	Growth (%) over July-November of FY 16
			July- November	July- November	
2484	1837	-26.05	195	100	-48.7

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

### 1.3 Government Expenditure

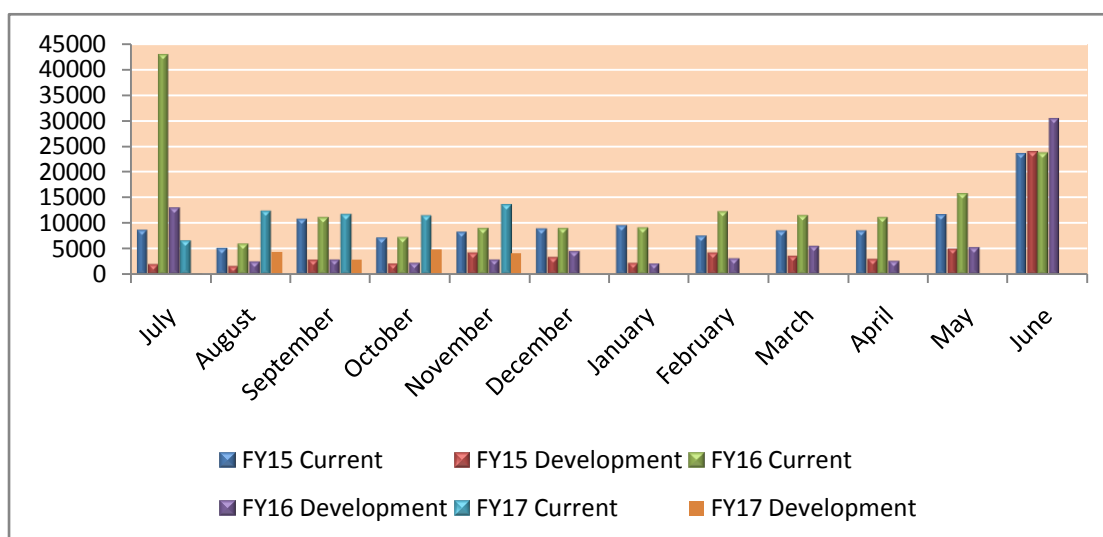
According to iBAS database, total government expenditure increased by 27.66 percent during July-November of FY17 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 28.39 percent within the same period. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 21,419 Crore in the end of November of FY17, recording 31.2percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures (In crore taka)

	FY 15	FY 16	Growth (%)	FY 16	FY 17	Growth (%) over July- November FY16
				July- November	July- November	
<b>1. Current Spending</b>	<b>119116</b>	<b>143897</b>	<b>20.80</b>	<b>42796</b>	<b>55440</b>	<b>29.54</b>
Pay and Allowances	28818	39969	38.69	13005	18112	39.27
Goods and Services	16659	18288	9.78	3982	4789	20.27
Interest Payment	30974	33088	6.83	12220	12853	5.18
Domestic	29437	31466	6.89	11545	12060	4.46
Foreign	1537	1622	5.53	675	793	17.48
Subsidy and Transfer	42482	52325	23.17	13493	19635	45.52
Others	183	227	24.04	96	51	-46.88
<b>2. Food Accounts</b>	<b>2122</b>	<b>408</b>	<b>-80.77</b>	<b>2974</b>	<b>2699</b>	<b>-9.25</b>
<b>3. Non-ADP Capital &amp; Net Lending</b>	<b>22764</b>	<b>14747</b>	<b>-35.22</b>	<b>2562</b>	<b>3465</b>	<b>35.25</b>
Non-ADP Capital	10468	12387	18.33	3057	2240	-26.73
Net Lending	8994	1095	-87.83	-602	1199	-
Non-ADP Project	2346	138	-94.12	0	0	-
FFW	377	620	64.46	0	1	-
Development Expenditure under Revenue Budget	579	507	-12.44	107	26	-75.70
<b>4. Development Spending</b>	<b>64765</b>	<b>75419</b>	<b>16.45</b>	<b>12939</b>	<b>16612</b>	<b>28.39</b>
<b>Total (1+2+3+4)</b>	<b>208767</b>	<b>234471</b>	<b>12.31</b>	<b>61272</b>	<b>78217</b>	<b>27.66</b>
<b>Total Spending (Percent of GDP)</b>	<b>13.77</b>	<b>13.53</b>	<b>-1.76</b>	<b>3.54</b>	<b>4.00</b>	

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

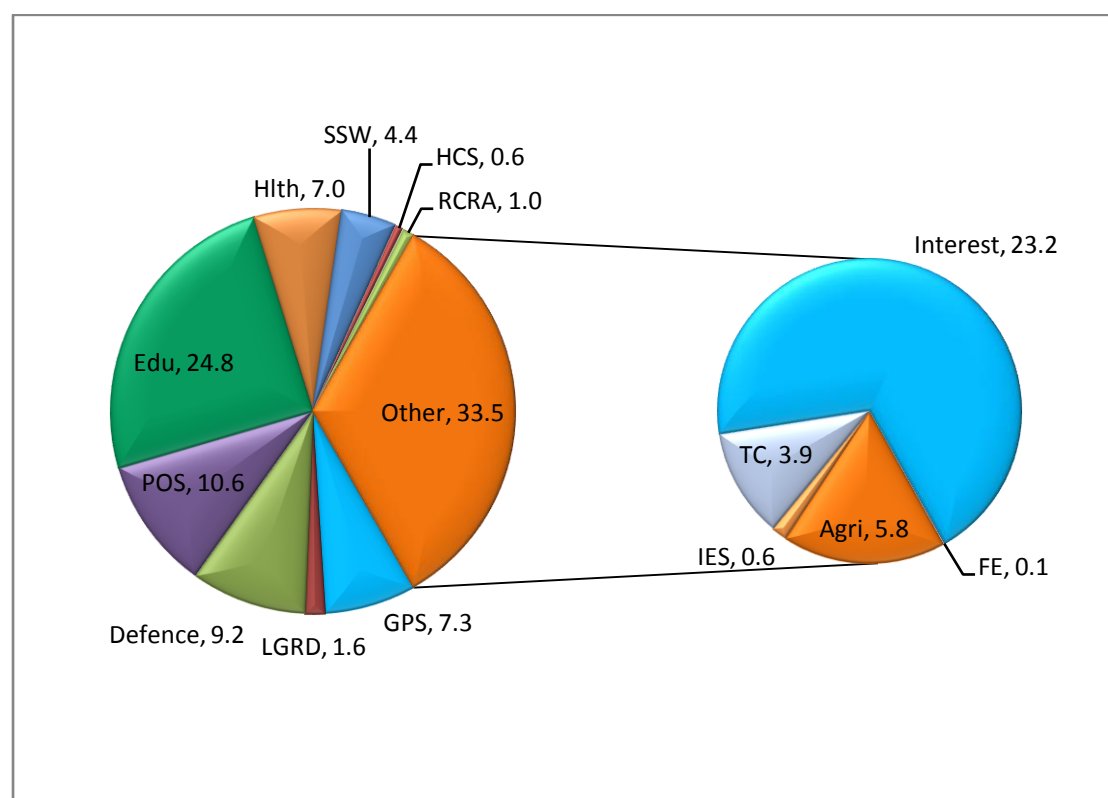
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 15-17)



### 1.4 Composition of Revenue Expenditure

As on November of FY17, spending on education is highest (24.8%) followed by interest payment (23.2%) ( Chart 1.3).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (FY 17)

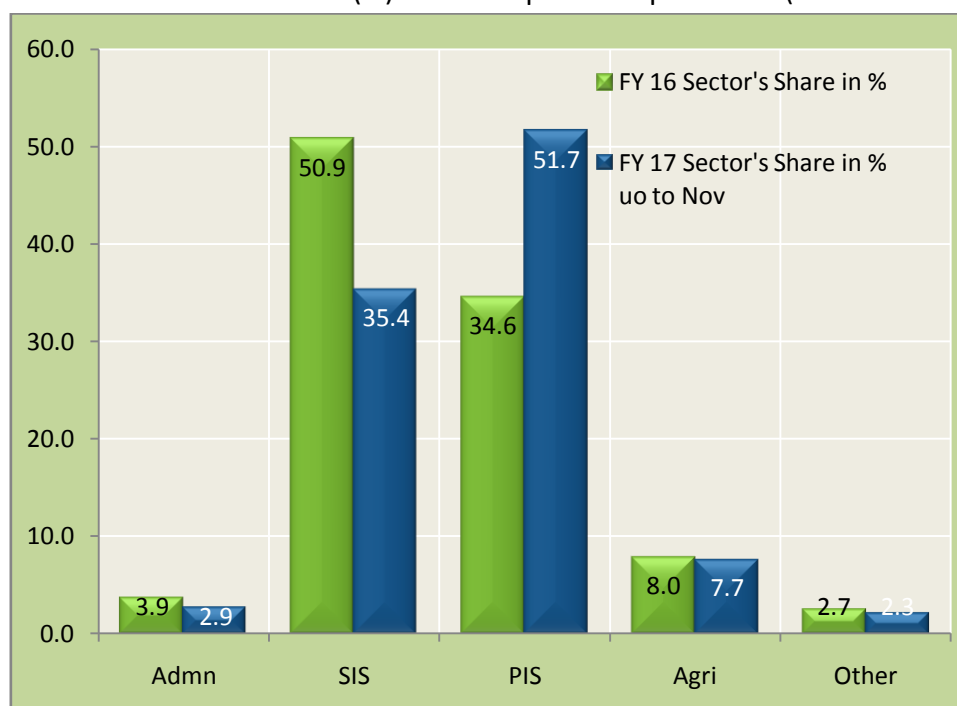


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and 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 month November of FY17, highest share of spending went to Physical Infrastructure(51.7%) followed by Social Infrastructure ( 35.4%).

Chart 1.4: Sector wise share (%) of Development expenditure (November FY17)



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 FY16 stood at 3.55 percent of GDP (Base year 2005-06), which was 3.87 percent in FY15. Overall budget balance including grants during July-November of FY17 records a deficit of BDT 5893 crore against a surplus of BDT 710 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
2014-15	-58633	-3.87
2015-16	-61530	-3.55
July-Nov FY16	710	0.04
July-Nov FY17	-5904	-0.30

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 5894Crore during July-November of FY17.

Table 1.5: Deficit Financing

(In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2014-15	12894	4893	40769	58556	3.86
2015-16	5816	10615	37205	53636	3.10
July- November FY16	-1148	2889	-2449	-708	-0.04
July- November FY17	-739	-6561	13112	5812	0.30

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

### 1.8 Net Sale of National Savings Certificates (NSC)

The Sale of NSC during July-November of FY17 stood at Tk. 28861.69 crore, which was 49.62 percent higher than that of the same period of the preceding year. As a result, net borrowing through NSC stood at Tk.20319.54 crore by the end of November2016 (table 1.6).

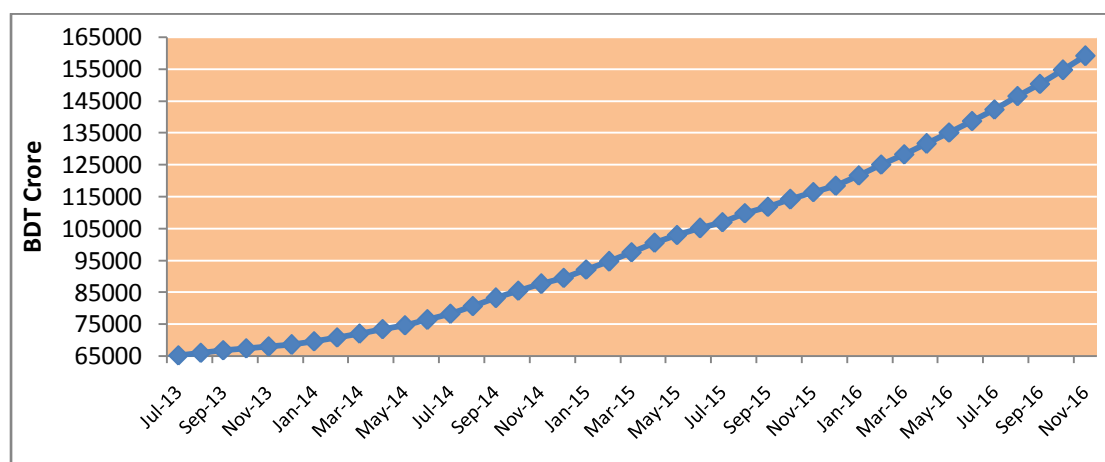
Table 1.6 Net Sales of NSC

(In crore taka)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end period
2014-15	42659.79	13927.13	28732.66	105130.14
2015-16	53712.45	20023.85	33688.6	138818.74
Growth (%)	25.91	43.78	17.25	32.04
July- November FY16	19289.99	7964.13	11325.86	116456.00
July- November FY 17	28861.69	8542.14	20319.55	159138.28
Growth (%)	49.62	7.26	79.41	36.65

Source: National Savings Directorate

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



Source: National Savings Directorate



## 2. MONETARY SECTOR

### 2.1 Monetary and credit development

Broad money (M2) growth in November, 2016 was 13.76 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 19.10 and 11.98 percent increase respectively. During the month of November 2016, private sector credit expansion was remarkable (15.01 percent) which contributed to 12.14 percent of domestic credit growth despite negative growth in public sector credit (-1.55percent).

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		Nov FY 16	Percentage changes	
	Jun FY 15	Jun FY 16	Nov FY 17	Up to November FY 17	NovFY17 over NovFY16		Up to November FY 17	Nov FY17 over Nov FY16
Net Foreign Assets	1892.3	2331.4	2450.6	119.2	393.0	2057.5	5.11	19.10
Net Domestic Asset	5983.9	6832.4	6936.7	104.2	742.4	6194.3	1.53	11.98
Domestic Credit	7015.3	8012.8	8189.5	176.7	886.7	7302.8	2.20	12.14
Public Sector	1269.3	1302.7	1243.9	-58.8	-19.6	1263.5	-4.51	-1.55
Govt (Net)	1102.6	1142.2	1086.4	-55.8	-14.7	1101.1	-4.88	-1.33
Other Public Sector	166.7	160.5	157.5	-3.1	-5.0	162.4	-1.90	-3.06
Private sector	5746.0	6710.1	6945.6	235.5	906.4	6039.2	3.51	15.01
Net Other Item	-1031.4	-1180.4	-1252.8	-72.5	-144.4	-1108.5	6.14	13.02
Broad Money	7876.1	9163.8	9387.2	223.4	1135.4	8251.8	2.44	13.76

Source: Monthly Economic Trends, Bangladesh Bank

### 2.2 Reserve money and money multiplier

Reserve money recorded an increase of 18.57 percent at the end of November FY17 over the same period of previous fiscal year (table 2.2). At the same time the value of reserve money multiplier increased to 5.02 at the end of November of FY 17 from 4.74 at the end of FY 16.

Table 2.2: Reserve money and money multiplier (Billion BDT)

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June FY15	June FY 16	November FY17	Up to November FY 17	November FY17 over NovemberFY16
Reserve money	1484.8	1932.0	1869.2	-62.8 (-3.25)	292.7 (18.57)
Money multiplier	5.30	4.74	5.02	0.28	-0.21

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

### 3. EXTERNAL SECTOR

#### 3.1 Export

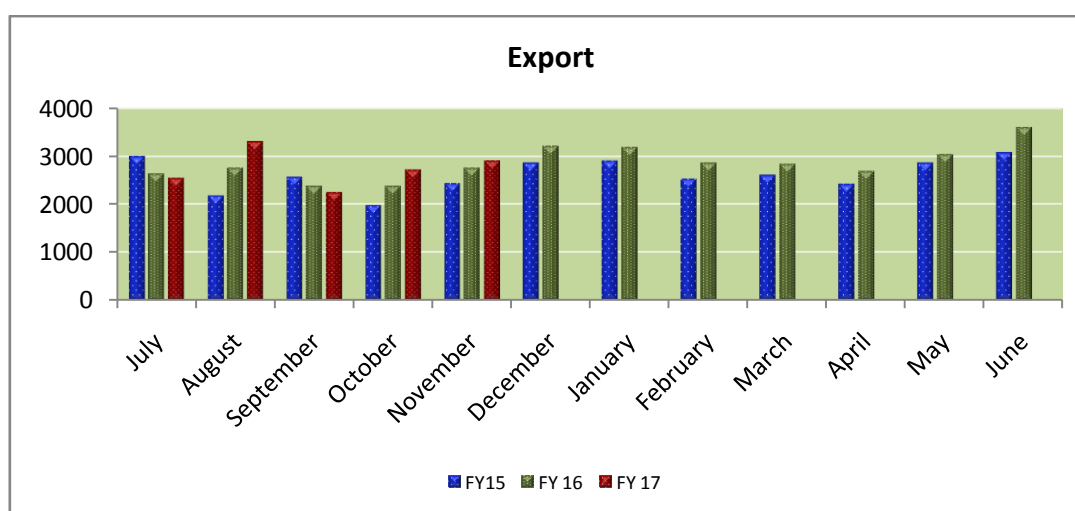
Export earnings increased by 9.77 percent and stood at US\$ 34257.18 million during FY16 compared with the same period of last fiscal year (Table 3.1). During July-November of FY 17, export increased by (year on year basis) 6.30 percent which was 6.71 percent in the same period of the previous fiscal year.

Table 3.1: Export Performance (Million US\$)

	FY 15	FY 16	July-November FY 17	July-November FY16
<b>Export</b>	31208.94	34257.18	13690.97	12879.83
<b>Growth (%)*</b>	3.39	9.77	6.30	6.71

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 November of FY17, import payments increased by 9.50 percent compared to the same period of the previous fiscal year. Similarly, import LCs opened and settlement increased by 6.95 percent and 14.58 percent respectively in the same period (Table 3.2).

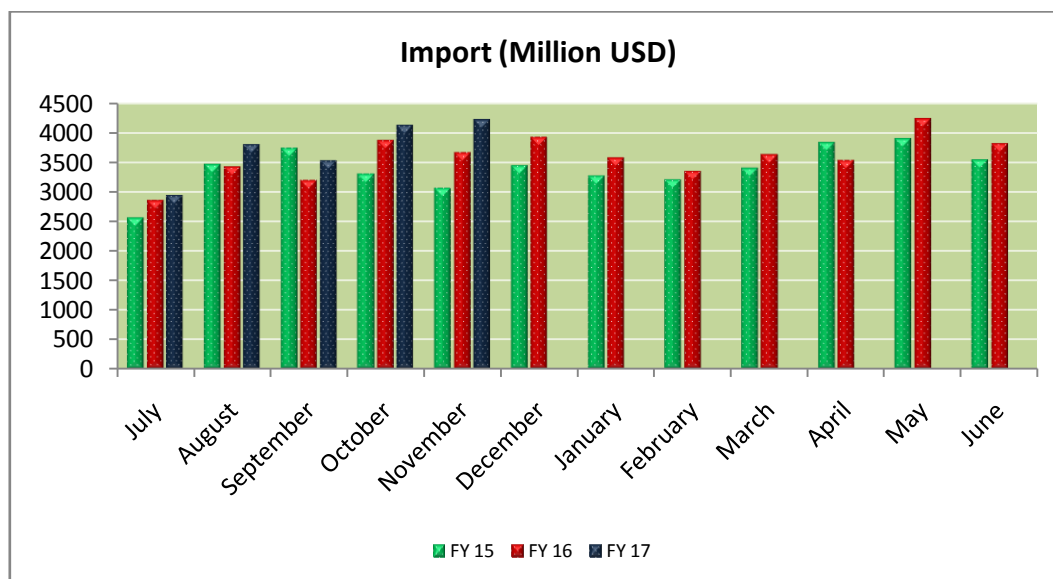
Table 3.2: Import Scenario (Million US\$)

Period	FY 15	FY 16*	FY 17 (up to November)	FY 17 November
<b>Import payments</b>	40703.70	43058.2	18615.7	4221.6
<b>Growth (%)</b>	0.21	5.78	9.50	15.20
<b>LCs Opened</b>	43068.76	43335.33	18693.55	3801.95
<b>Growth(%)</b>	2.99	0.62	6.95	-14.91
<b>LCs Settled</b>	38455.24	40076.20	19023.34	3882.78
<b>Growth(%)</b>	3.41	4.22	14.58	13.94

\*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 15.65 percent during July-November of FY17 compared to the same period of the previous fiscal year.

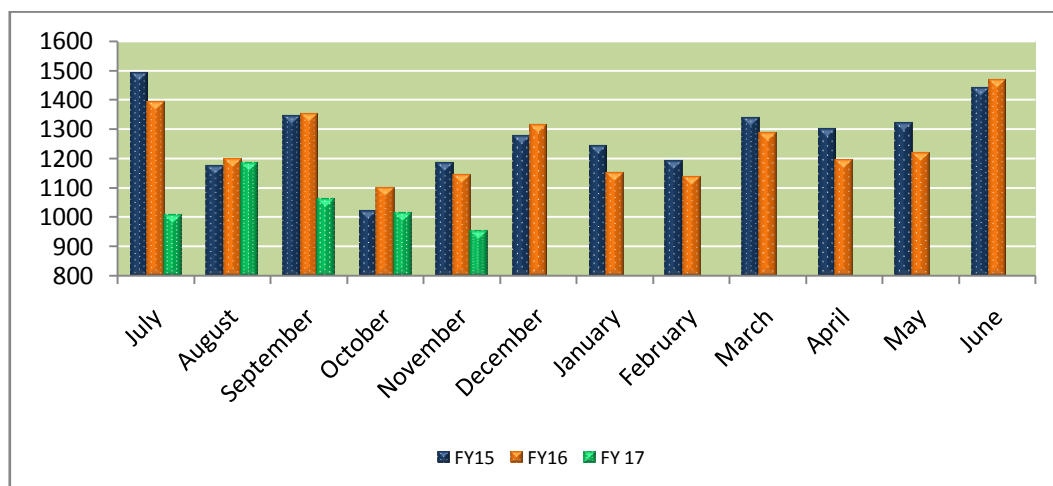
Table-3.3: Remittance Performance

(In million US\$)

	FY 15	FY 16	FY 17 Up to November	FY 17 November
Remittances	15316.9	14931.16	5208.1	951.37
Growth(%)	7.65	-2.52	-15.65	-16.73
As % of GDP	7.85	6.74	2.09	0.38
As % of Export	49.08	43.58	38.04	32.81

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.4 Exchange Rate Movements

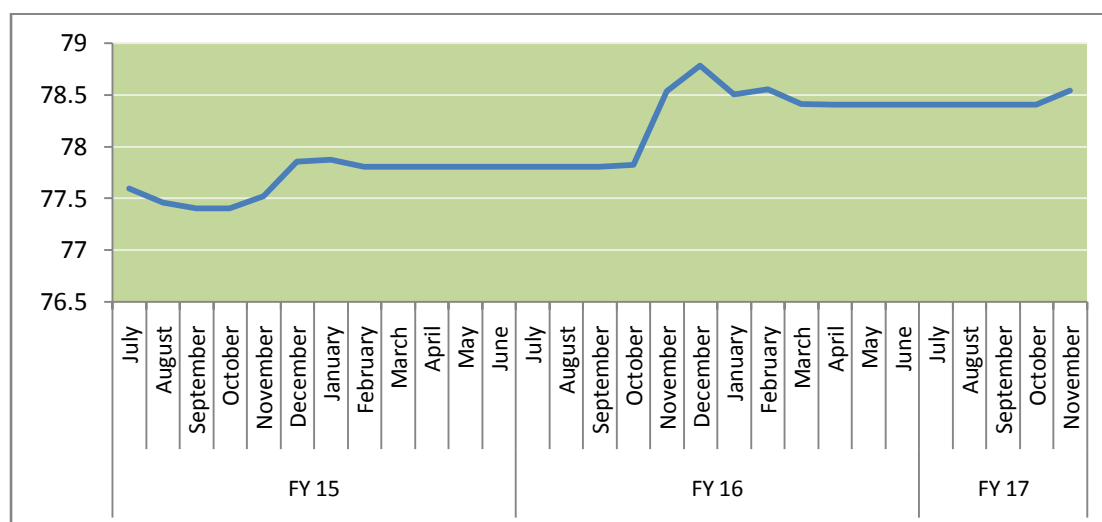
BDT depreciated by 0.41 percent against US dollar from its level of end June 2016 at the end of November 2016.

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
2015-16	78.40	78.40
<b>2016-17</b>		
July	78.40	78.40
August	78.40	78.40
September	78.40	78.40
October	78.40	78.42
November	78.54	78.72

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 decreased to US\$ 31370.88million at the end of November of FY 17 from US\$ 31895.31million in the previous month. The gross foreign exchange reserve at the end of November of FY17 is equivalent to import payments of 8.4 months.

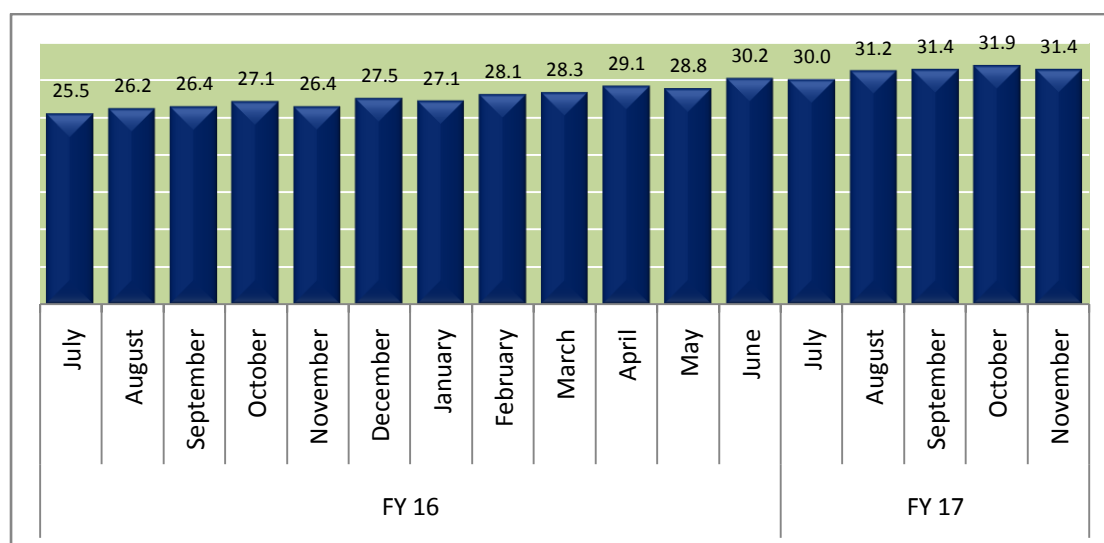
Table 3.5: Foreign Exchange Reserve

(Million US\$)

	FY 14	FY 15	FY 16	As end of November FY 17
Reserve	21508.0	25025.50	30168.22	31370.88
In month of import payment	5.89	6.65	8.4	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 increased to US\$ 3880million in November of FY17 from US\$ 3158 million in the corresponding period of the FY16. It contributed to create a deficit in current account balance by US\$726 million during July-November of FY 17 from a surplus of US\$ 1336 million in the corresponding period of the previous fiscal year. Surplus in both capital and financial account resulted in a surplus of US\$ 1903million in overall balances during July-November of FY17.

Table 3.6: Balance of Payments

(Million US\$)

	2014-15 <sup>R</sup>	2015-16 <sup>P</sup>	2016-17 (July-November)	2015-16 (July-November)
Trade Balance	-6965	-6274	-3880	-3158
Current Account Balance	2875	3706	-726	1336
Capital Account	496	478	82	150
Financial Account	1925	1610	2901	1187
Overall Balance	4373	5036	1903	2044

Source: Bangladesh Bank. R=Revised

## 4. REAL SECTOR

### 4.1 Real Sector Indicators

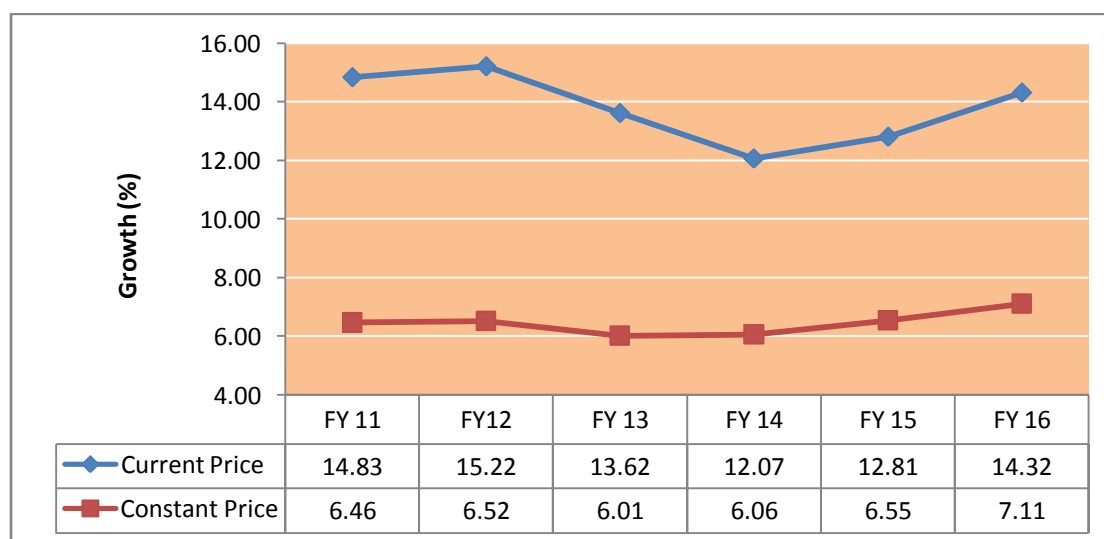
According to Bangladesh Bureau of Statistics (BBS), real GDP growth in FY16 is 7.11 percent (Base year 2005-06). Per capita GNI in FY16 reached US\$ 1465.

Table 4.1 Real sector indicators

Concepts	Unit	FY 12	FY 13	FY 14	FY 15	FY16
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

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

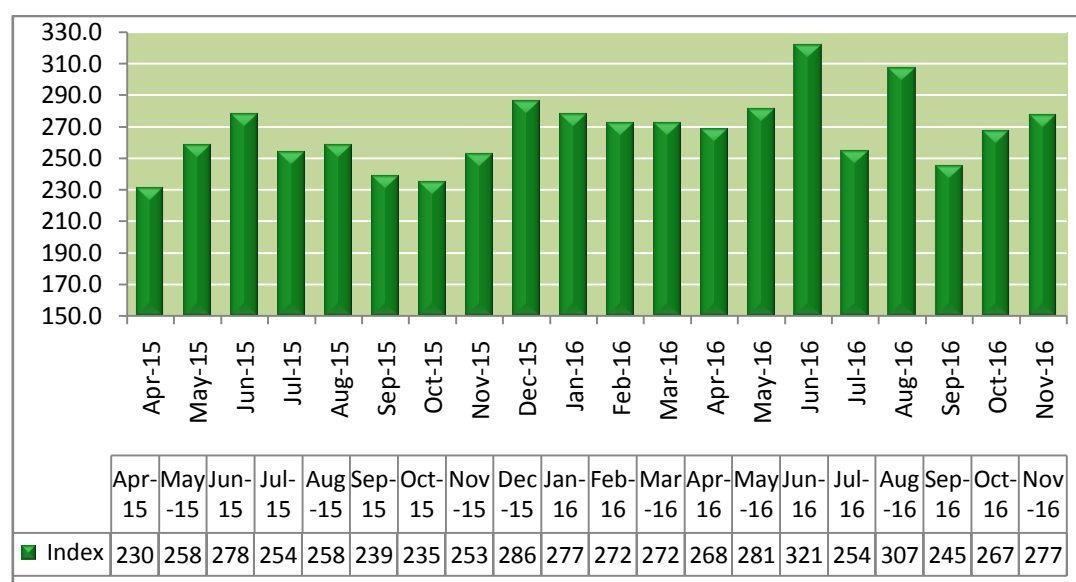
Quantum Index of Industrial Production increased by 9.8 percent and became 277.22 in November 2016 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 13.5 percent in FY 16 which was 10.7 percent in FY 15.

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	236.1	10.7
2015-16	267.88	13.5
November, 2015	252.53	12.9
November, 2016	277.22	9.8

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

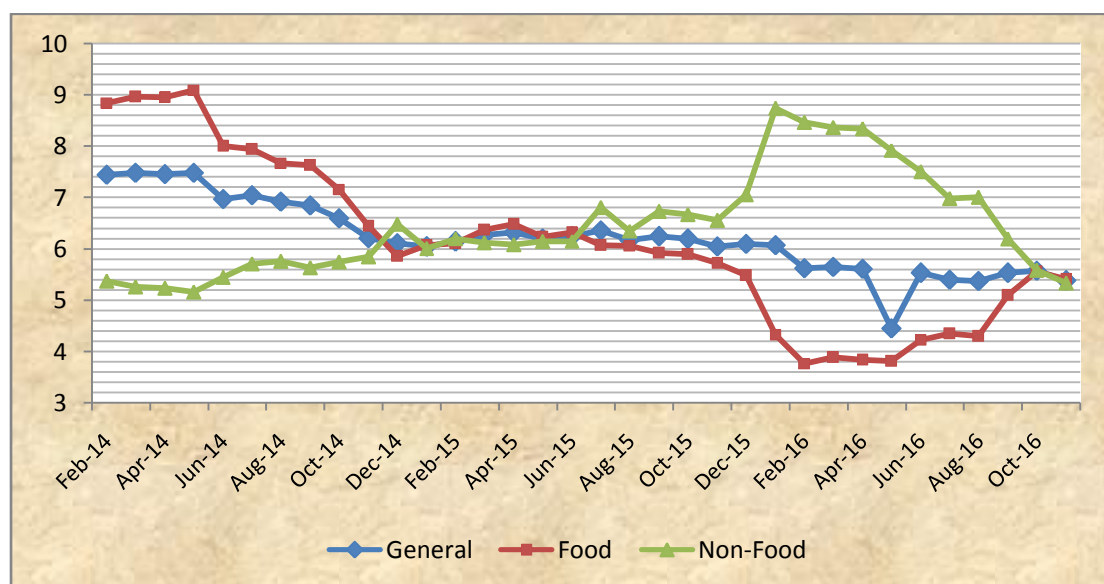
In FY16, the average rate of inflation (12-month average basis) was 5.92 percent (table-4.3). On the twelve month average basis general inflation reduced to 5.60 percent in November of FY 2016-17, of which food and non-food inflation were 4.51percent and 7.27 percent, respectively. On the other hand, point to point inflation stood at 5.38percent in the same month, of which, food and non-food inflation were 5.41 percent and 5.33 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	5.92	4.90	7.47
2016-17			
July	5.84	4.76	7.48
August	5.77	4.62	7.53
September	5.71	4.56	7.48
October	5.66	4.53	7.38
November	5.60	4.51	7.27

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics