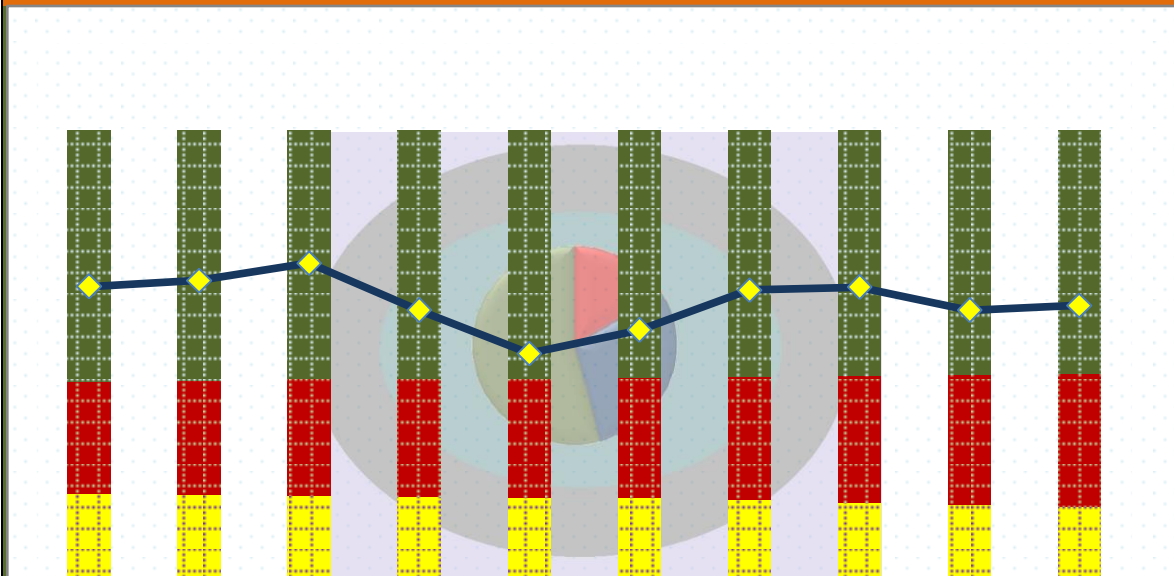




# MONTHLY REPORT ON FISCAL-MACRO POSITION

**April 2017**



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## **Executive Summary**

The April 2017 issue of the report on Fiscal-Macro position contains relevant data and analysis on the movement of major macroeconomic variables of April 2017 compared to the same period of the previous year. An overview of the report is given below:

### **Fiscal Sector**

Revenue earnings posted a satisfactory 18.4 percent growth by the end of FY16. During July-April of FY17, total revenue collection increased by 19.72 percent compared to the same period of previous fiscal year. On the other hand, total government spending increased by 21.57 percent during the same period.

### **Monetary Sector**

Broad Money growth was 12.75 percent in the end of April of FY17 compared to the same month of the previous fiscal mainly due to 14.21 percent and 12.24 percent growth in Net Foreign Asset (NFA) and Net Domestic Asset (NDA) respectively. Reserve money growth in April of FY17 over April of FY16 was 15.91 percent.

### **External Sector**

Export earnings increased by 3.92 percent during July-April of FY17 compared to the same period of the previous fiscal. On the other hand, import payments increased by 11.87 percent during the same period. Remittance receipt decreased by 16.03 percent during this period whereas, foreign exchange reserve stood at US\$ 32.5 billion in the end of April of FY17 which was equivalent to import payments of 8.1 months.

### **Real Sector**

According to the provisional data of Bangladesh Bureau of Statistics (BBS), real GDP growth has already estimated at 7.24 percent (Base year 2005-06) in FY17. Per capita GNI in FY17 has been estimated at US\$ 1602. The average rate of inflation (12-month average basis) in April 2017 stood at 5.38 percent, which is marginally lower than the previous month. On point-to-point basis, it was 5.47 percent in April 2017, of which, food and non-food inflation were 6.94 percent and 3.30 percent respectively. Quantum Index of Industrial Production increased by 5.4 percent from 271.9 in February 2016 and stood at 286.7 by the end of February 2017.

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

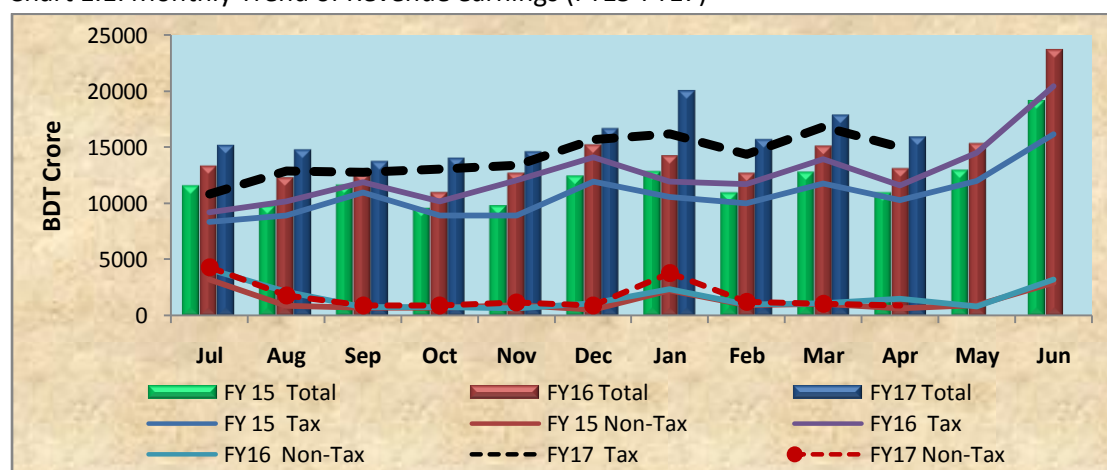
Total revenue earning increased by 19.72 percent during July-April of FY17 compared to the same period of FY16. Growth rates of Tax and Non-tax revenue during this period were 20.83 percent and 11.41 percent respectively.

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	21.8	18.4
July-April FY16	112355	4545	116900	15535	132435
July-April FY17	136292	4955	141248	17307	158555
Growth (%)	21.30	9.04	20.83	11.41	19.72

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 FY16 compared to FY15. During July–April of FY17, grant receipt decreased by 31.1 percent to TK. 303 crore against TK. 440 crore 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-April of FY 16
			July-April	July-April	
2484	1837	-26.05	440	303	-31.1

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

### 1.3 Government Expenditure

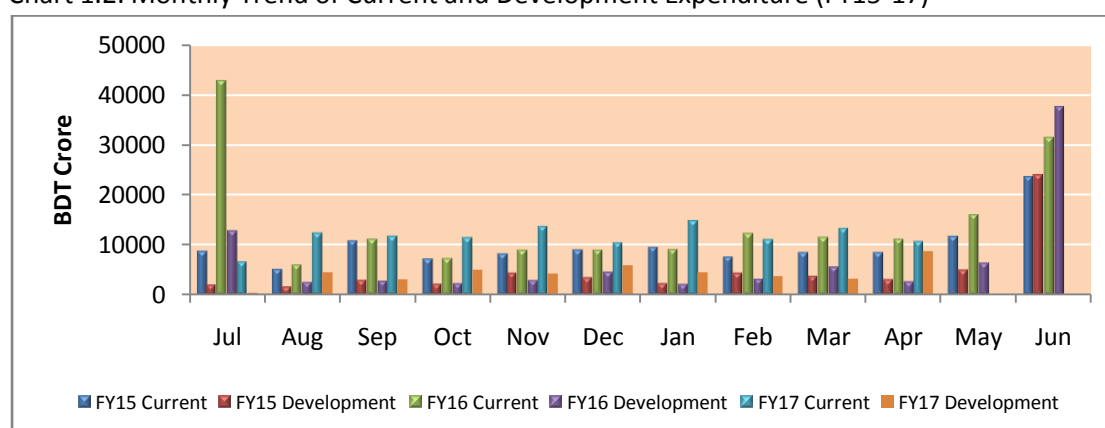
According to iBAS database, total government expenditure increased by 21.57 percent during July-April of FY17 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 33.61 percent within the same period. According to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 60589 crore in the end of April of FY17, recording 34.16 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditure (In crore taka)

	FY 15	FY 16	Growth (%)	FY 16	FY 17	Growth (%) over July-April FY16
				July-April	July-April	
<b>1. Current Spending</b>	<b>119116</b>	<b>143897</b>	<b>20.80</b>	<b>96282</b>	<b>115214</b>	<b>19.66</b>
Pay and Allowances	28818	39969	38.69	29259	36145	23.54
Goods and Services	16659	18288	9.78	10753	11895	10.62
Interest Payment	30974	33088	6.83	24248	26230	8.17
Domestic	29437	31466	6.89	22838	24694	8.12
Foreign	1537	1622	5.53	1410	1536	8.93
Subsidy and Transfer	42482	52325	23.17	31874	40836	28.12
Others	183	227	24.04	149	109	-26.77
<b>2. Food Accounts</b>	<b>2122</b>	<b>408</b>	<b>-80.77</b>	<b>3497</b>	<b>4373</b>	<b>25.07</b>
<b>3. Non-ADP Capital &amp; Net Lending</b>	<b>22764</b>	<b>14747</b>	<b>-35.22</b>	<b>8017</b>	<b>7673</b>	<b>-4.28</b>
Non-ADP Capital	10468	12387	18.33	8694	5293	-39.12
Net Lending	8994	1095	-87.83	-967	1846	-
Non-ADP Project	2346	138	-94.12	4	0	-
FFW	377	620	64.46	55	435	-
Development Expenditure under Revenue Budget	579	507	-12.44	231	99	-56.95
<b>4. Development Spending</b>	<b>64765</b>	<b>75419</b>	<b>16.45</b>	<b>31488</b>	<b>42071</b>	<b>33.61</b>
<b>Total (1+2+3+4)</b>	<b>208767</b>	<b>234471</b>	<b>12.31</b>	<b>139284</b>	<b>169332</b>	<b>21.57</b>
<b>Total Spending (Percent of GDP)</b>	<b>13.77</b>	<b>13.53</b>	<b>-1.76</b>	<b>8.04</b>	<b>8.66</b>	

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

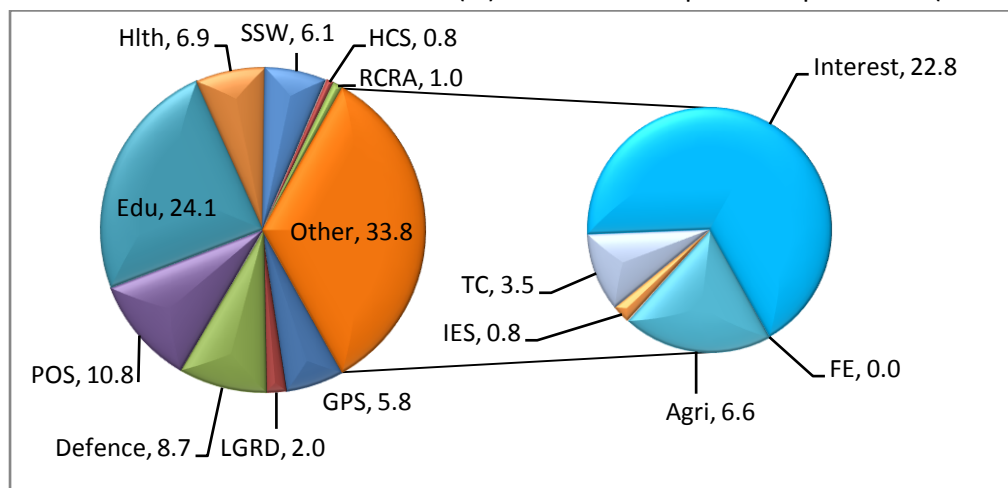
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY15-17)



### 1.4 Composition of Revenue Expenditure

As on April of FY17, spending on education is the highest (24.1%) followed by interest payment (22.8%) (Chart 1.3).

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

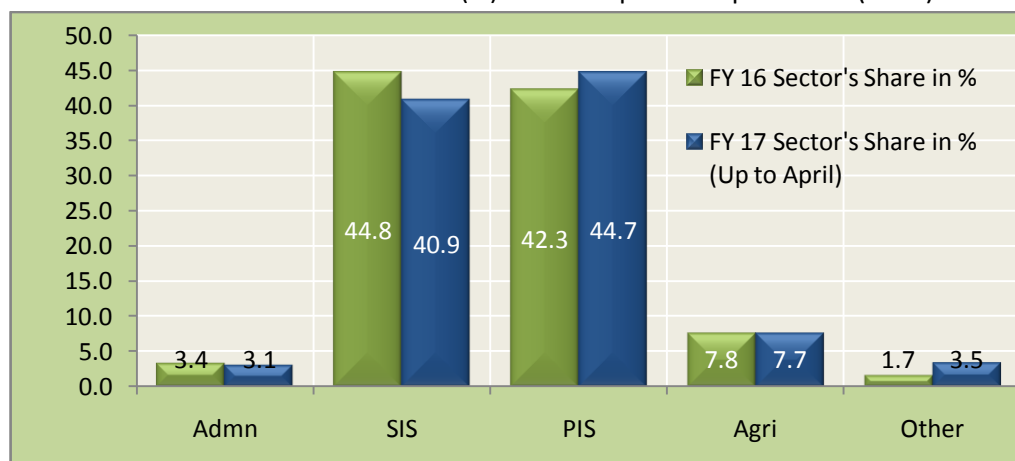


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

### 1.5 Composition of ADP Expenditure

Up to April FY17, Sector wise analysis of development expenditure shows that highest share of spending went to Physical Infrastructure (44.7%) followed by Social Infrastructure (40.9%).

Chart 1.4: Sector wise share (%) of Development expenditure (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-April of FY17 records a deficit of BDT 10777 crore against a deficit of BDT 6848 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-Apr FY16	-6848	-0.40
July-Apr FY17	-10777	-0.55

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 40862 Crore within the same period. Net borrowing from the external sources declined to BDT 5816 Crore in FY 16 from BDT 12912 crore in FY 15. Government total debt stock increased by BDT 3934 crore during July-April of FY17 compared to the same period of FY16.

Table 1.5: Deficit Financing (In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2014-15	12912	4893	40862	58667	3.87
2015-16	5816	10615	37205	53636	3.10
July- Apr FY16	2449	-5102	9499	6845	0.40
July- Apr FY17	2570	-21657	29866	10779	0.55

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

### 1.8 Sale and repayment of National Savings Certificates (NSC)

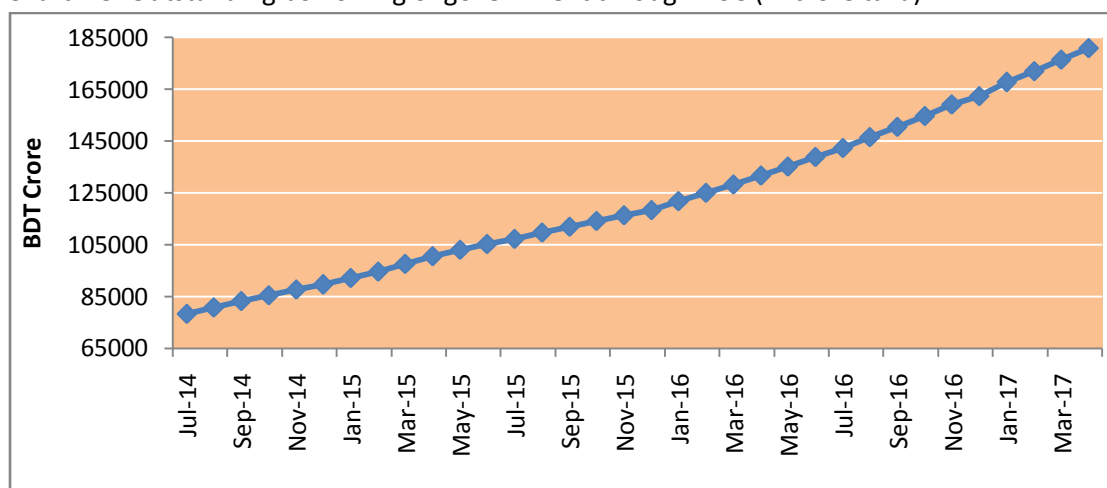
The sale of NSC during July-April of FY17 stood at Tk. 60519.45 crore, which was 40.39 percent higher than that of the same period of the previous year. As a result, net borrowing through NSC stood at Tk. 42099.68 crore by the end of April 2017 (table 1.6).

Table 1.6 Net sale and repayment 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- April FY 16	43108.19	16620.47	26487.72	131617.86
July- April FY 17	60519.45	18419.77	42099.68	180918.42
Growth (%)	40.39	10.83	58.94	37.46

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) increased by 12.75 percent (y-o-y) in April 2017 compared to the same month of the previous fiscal year. This was mainly due to the growth of both Net Foreign Assets and Net Domestic Assets of banking system recording 14.21 and 12.24 percent increase respectively. As of April 2017 (Year to year basis), despite negative growth in public sector credit (-11.91 percent) private sector credit expanded remarkably (16.21 percent) that contributed to overall 11.96 percent of domestic credit growth.

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period				Changes in outstanding stock		Percentage changes	
	Jun FY 15	Jun FY 16	Apr FY 16	Apr FY 17	Apr FY17 Over Jun FY16	Apr FY17 over Apr FY16	Apr FY17 Over Jun FY16	Apr FY17 over Apr FY16
<b>Net Foreign Assets(NFA)</b>	1892.3	2331.4	2226.9	2543.4	212.0	316.5	9.09	14.21
<b>Net Domestic Asset(NDA)</b>	5983.9	6832.4	6387.3	7169.3	336.8	782.0	4.93	12.24
Domestic Credit	7015.3	8012.8	7594.2	8502.7	489.9	908.5	6.11	11.96
Public Sector	1269.3	1302.7	1146.8	1010.2	-292.5	-136.6	-22.45	-11.91
Govt (Net)	1102.6	1142.2	975.4	841.7	-300.5	-133.8	-26.31	-13.71
Other Public Sector	166.7	160.5	171.4	168.5	8.0	-2.9	5.00	-1.67
Private sector	5746.0	6710.1	6447.3	7492.5	782.4	1045.1	11.66	16.21
Net Other Item	-1031.4	-1180.4	-1206.9	-1333.4	-153.0	-126.5	12.96	10.48
<b>Broad Money</b>	<b>7876.1</b>	<b>9163.8</b>	<b>8614.1</b>	<b>9712.6</b>	<b>548.9</b>	<b>1098.5</b>	<b>5.99</b>	<b>12.75</b>

Source: Monthly Economic Trends, Bangladesh Bank

### 2.2 Reserve money Developments

Reserve money recorded an increase of 15.91 percent at the end of April 2017 over the same period of previous fiscal year (table 2.2). At the same time, the value of reserve money multiplier increased to 5.07 at the end of April 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 2015	June 2016	April 2017	April 2017 over June 2016(%)	April 2017 over April 2016 (%)
<b>Reserve money</b>	1484.83	1932.01	1915.04	-16.97 (-0.88)	262.81(+15.91)
<b>Money multiplier</b>	5.30	4.74	5.07	0.33	-0.14

Source: Bangladesh Bank.

### 3. EXTERNAL SECTOR

#### 3.1 Exports

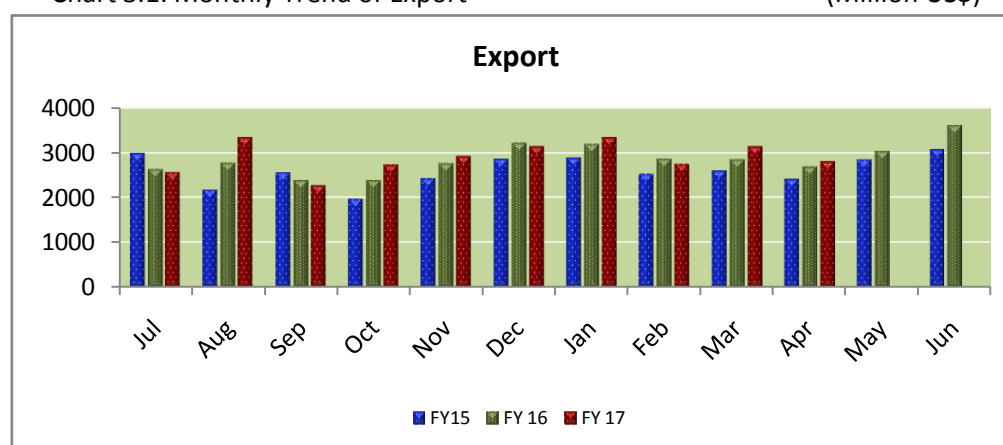
Exports earning increased by 9.77 percent and stood at US\$ 34257.18 million during FY16 compared with the same period of last fiscal year (Table 3.1). During July-April of FY 17, export increased by (year on year basis) 3.92 percent, which was 9.22 percent in the same period of the previous fiscal year.

Table 3.1: Exports Performance (Million US\$)

	FY 15	FY 16	July-April FY 17	July-April FY 16
<b>Export</b>	31208.94	34257.18	28721.71	27637.22
<b>Growth (%)*</b>	3.39	9.77	3.92	9.22

Source: Export Promotion Bureau, \*Growth over the same period of the previous time

Chart 3.1: Monthly Trend of Export (Million US\$)



Source: Export promotion bureau

#### 3.2 Imports (c & f)

Up to April of FY17, imports payment increased by 11.87 percent compared to the same period of the previous fiscal year. Similarly, import LCs opened and settlement increased by 13.83 percent and 11.98 percent respectively in the same period (Table 3.2).

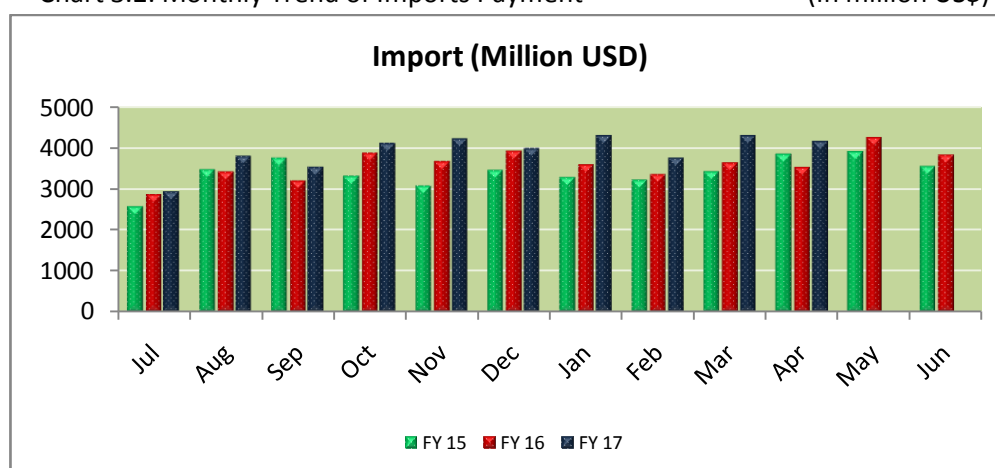
Table 3.2: Import Scenario (Million US\$)

Period	FY 15	FY 16*	FY 17 (up to April )	FY 17 April
<b>Imports payment</b>	40703.70	43058.2	39154.1	4170.5
<b>Growth (%)</b>	0.21	5.78	11.87	18.24
<b>LCs Opened</b>	43068.76	43335.33	39967.79	4297.71
<b>Growth (%)</b>	2.99	0.62	13.83	21.17
<b>LCs Settled</b>	38455.24	40076.20	37373.82	3738.15
<b>Growth(%)</b>	3.41	4.22	11.98	18.51

\*Revised figure, Source: Bangladesh Bank. Growth rate (%) over the same period of the previous fiscal year

Chart 3.2: Monthly Trend of Imports Payment

(In million US\$)



### 3.3 Remittance

Remittance inflow decreased by 16.03 percent during July-April of FY17 compared to the same period of the previous fiscal year.

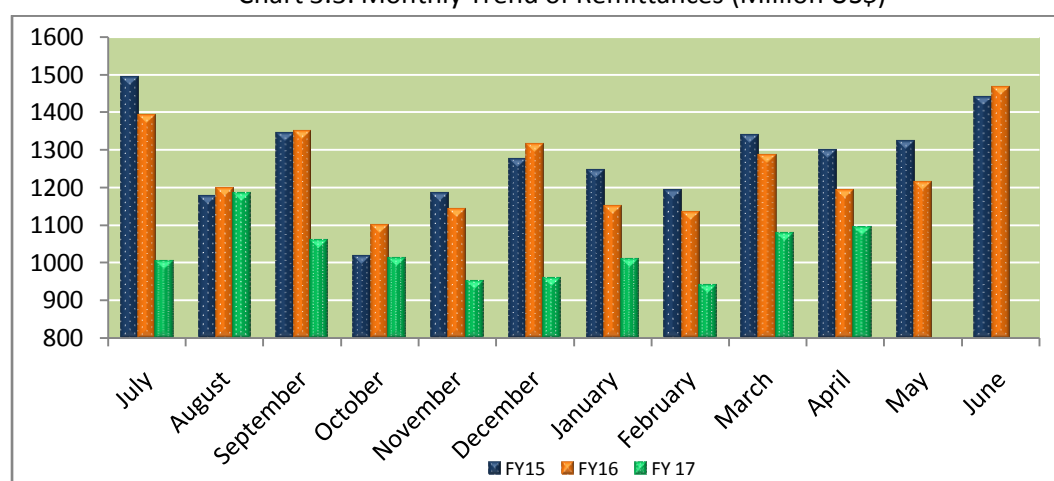
Table-3.3: Remittance Performance

(In million US\$)

	FY 15	FY 16	FY 17 Up to April	FY 17 April
Remittances	15316.9	14931.16	10287.23	1092.64
Growth (%)	7.65	-2.52	-16.03	-8.27
As % of GDP	7.85	6.74	4.15	0.44
As % of Export	49.08	43.58	35.82	35.14

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.4 Exchange Rate Movement

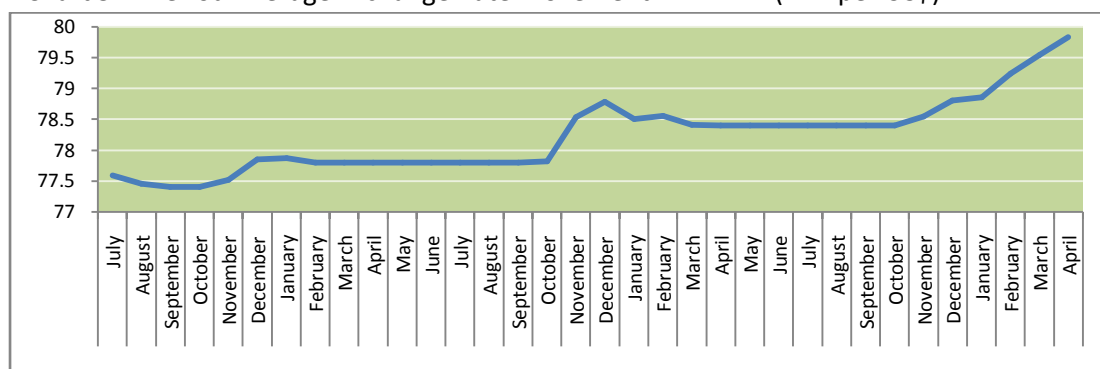
BDT depreciated by 1.80 percent against US dollar from its level of end June 2016 at the end of April 2016.

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

Period	Average	End of the period
2011-12	79.10	81.82
2012-13	79.93	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
December	78.8	78.70
January	78.86	79.07
February	79.24	79.37
March	79.54	79.68
April	79.84	80.2

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.5 External Reserve

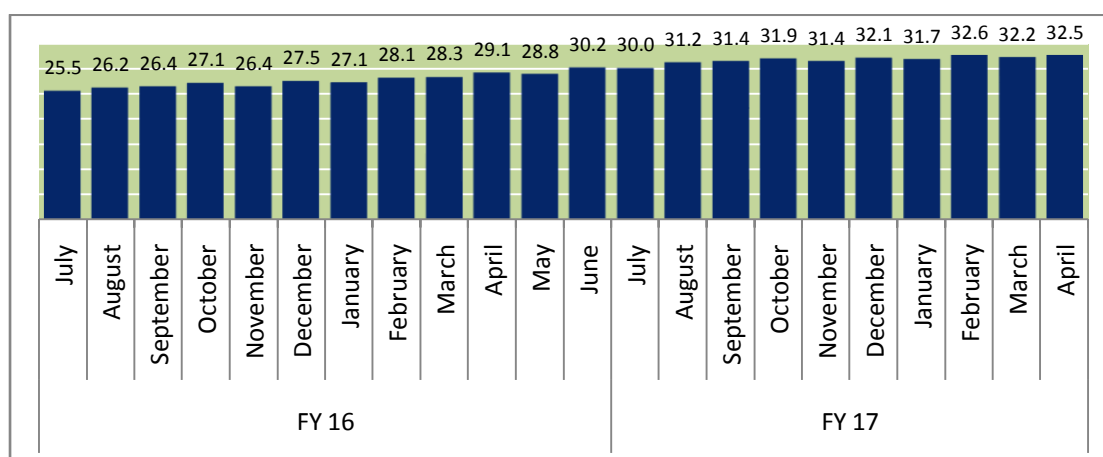
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 32518.77 million at the end of April of FY 17 from US\$ 32215.19 million in the previous month. The gross foreign exchange reserve at the end of April of FY17 is equivalent to import payments of 8.1 months.

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

	FY 14	FY 15	FY 16	As end of April FY 17
Reserve	21508.0	25025.50	30168.22	32518.77
In month of import payment	5.89	6.65	8.4	8.1

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 Payment

The country's trade deficit increased to US\$ 8179 million in April of FY17 from US\$ 5435 million in the corresponding period of the FY16, which contributed to create a deficit in current account balance by US\$ 1757 million during July-April of FY 17 from a surplus of US\$ 3526 million in the corresponding period of the previous fiscal year. However, surplus in both capital and financial account resulted in a surplus of US\$ 2303 million in overall balances during July-April of FY17.

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

	2014-15 <sup>R</sup>	2015-16 <sup>R</sup>	2016-17 <sup>P</sup> (July-April )	2015-16 (July-April )
Trade Balance	-6965	-6274	-8179	-5435
Current Account Balance	2875	3706	-1757	3526
Capital Account	496	478	284	381
Financial Account	1925	1610	3181	689
Overall Balance	4373	5036	2303	3975

Source: Bangladesh Bank. R=Revised, P= Provisional

## 4. REAL SECTOR

### 4.1 Real Sector Indicators

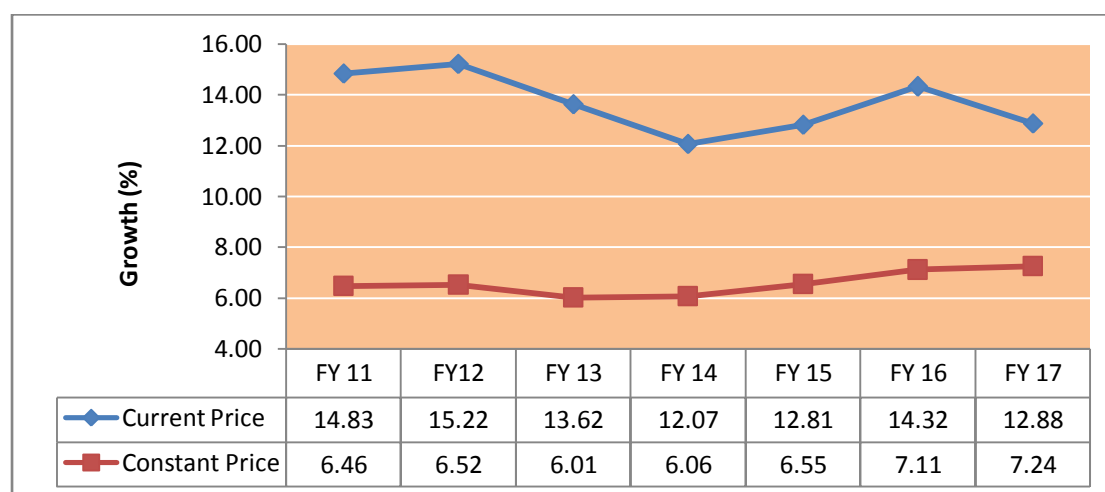
According to the provisional data of Bangladesh Bureau of Statistics (BBS), real GDP growth and per capita GNI is estimated at 7.24 percent (Base year 2005-06) and US\$ 1602 respectively.

Table 4.1 Real sector indicators

Concepts	Unit	FY 13	FY 14	FY 15	FY16	FY17
GDP at constant prices	Billion Tk.	7299.0	7741.4	8248.6	8835.4	9475.4*
Growth	%	6.01	6.06	6.55	7.11	7.24*
GDP at current prices	Billion Tk.	11989.2	13436.7	15158.0	17328.6	19560.6*
Growth	%	13.62	12.07	12.81	14.32	12.88*
GNI at current prices	Billion Tk.	12953.5	14332.2	16142.0	18326.7	20380.4*
Per capita GDP	Taka	78009	86266	96004	108378	120931*
Per capita GNI	Taka	84283	92015	102236	114621	125999*
Per capita GDP	US\$	976	1110	1236	1385	1538*
Per capita GNI	US\$	1054	1184	1316	1465	1602*

Source: Bangladesh Bureau of Statistics, \* 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

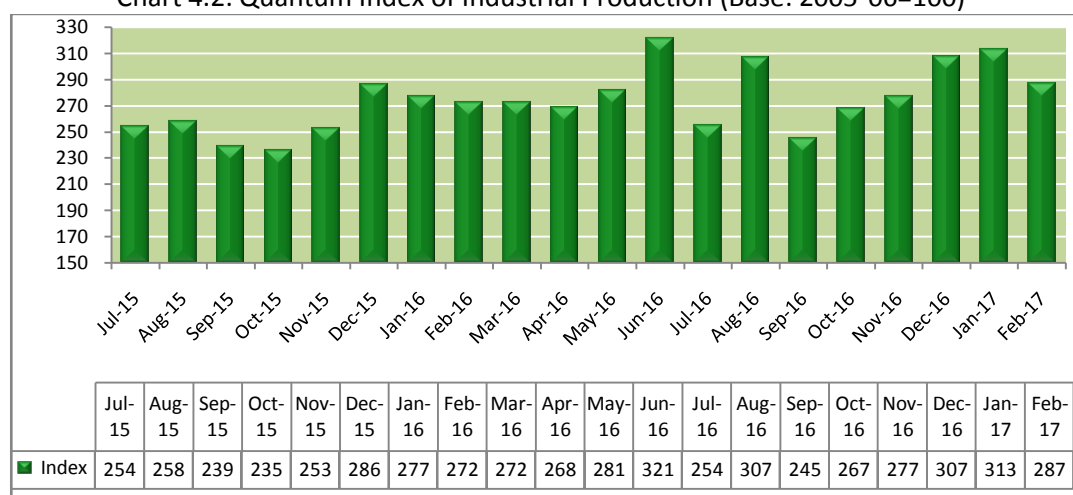
Quantum Index of Industrial Production increased by 5.4 percent and became 286.7 in February 2017 from the same month of the previous fiscal year (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 13.5 percent in FY 16, which 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
February, 2016	271.9	20.4
February, 2017	286.7	5.4

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 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 5.38 percent in April of FY 2016-17. On the other hand, point-to-point inflation stood at 5.47 percent in the same month, of which, food and non-food inflation were 6.94 percent and 3.30 percent, respectively (Chart 4.3).

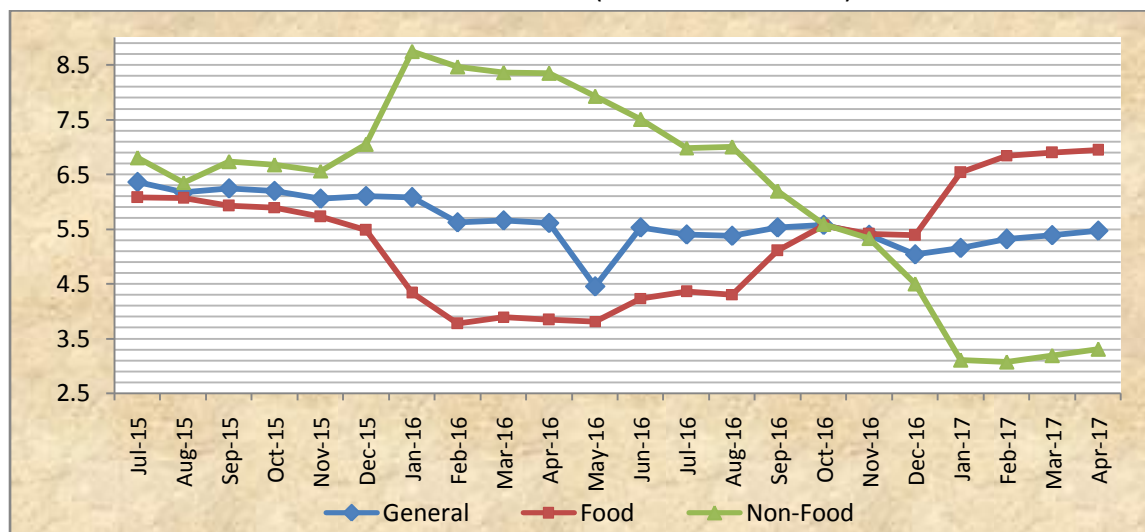
Table-4.3 Twelve-Months Average Inflation (National) (Base 2005-06)

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
December	5.51	4.51	7.05
January	5.44	4.70	6.57
February	5.41	4.95	6.11
March	5.39	5.20	5.67
April	5.38	5.46	5.25

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics