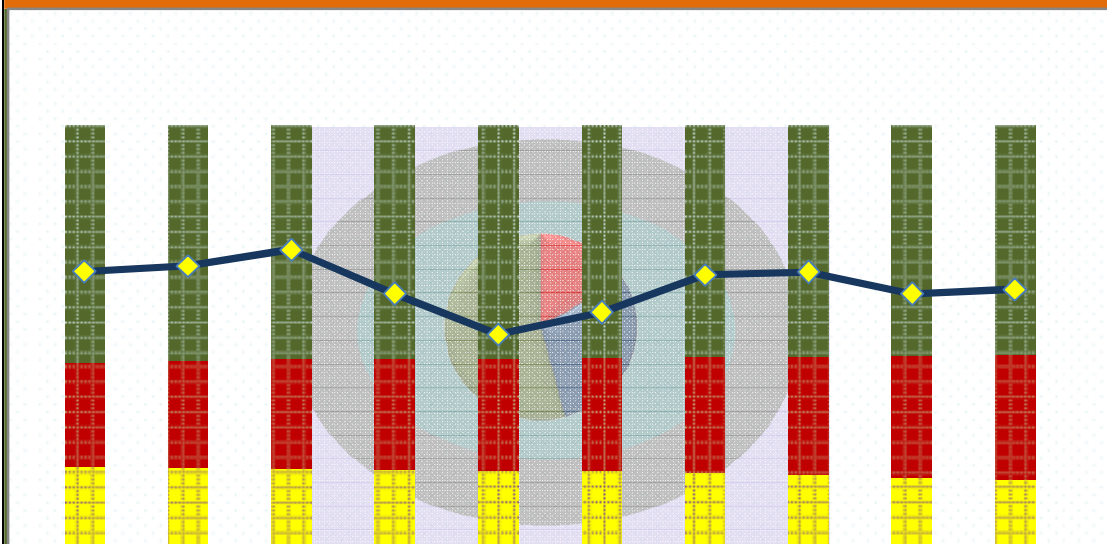




# MONTHLY REPORT ON FISCAL-MACRO POSITION

July 2017



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Fiscal Year 2017-18<sup>1</sup>

<sup>1</sup> Fiscal year starts from 1<sup>st</sup> July and ends on 30<sup>th</sup> June

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## Executive Summary

The July 2017 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 indicated satisfactory growth by the end of FY17<sup>2</sup>. During July of FY18, total revenue collection increased by 25.52percent compared to the same period of the previous fiscal year. On the other hand, total government spending increased by 32.96percent during the same period.

### Monetary Sector

Broad Money growth was 10.54 percent at the end of July 2017 from the same month of the previous fiscal year mainly due to 12.24 percent and 9.95 percent growth in Net Foreign Asset (NFA) and Net Domestic Asset (NDA) respectively. Reserve money growth was 15.63 percent at the end of July 2017 over July 2016.

### External Sector

During July of FY18, recorded export growth was 17.89 percent growth, which was -3.49 percent in the same period of the previous fiscal year. Similarly, import payments increased by 9 percent during the same period. Remittance receipt decreased by 14.48 percent during this period whereas, foreign exchange reserve stood at US\$ 32.9 billion at the end of July of FY17 which was equivalent to import payments of 8.3 months.

### Real Sector

Official statistics from Bangladesh Bureau of Statistics (BBS) reported a robust 7.28 percent real GDP growth in FY17 compared to 7.11 percent growth in the previous fiscal year. At the same time, per capita GNI reached to US\$ 1610 at the end of FY17. The average rate of inflation (12-month average basis) in July 2017 stood at 5.45 percent. On point-to-point basis, inflation was 5.57 percent in July 2017, of which, food and non-food inflation were 6.95 percent and 3.53 percent respectively. There was a positive change in Quantum Index of Industrial Production, stood at 333.17 in July2017 from 255.52 in July2016.

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<sup>2</sup> FY17 stands for fiscal year 2016-17

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

Total revenue earning increased by 25.52 percent during July of FY18 compared to the same period of FY17. Growth rates of Tax and Non-tax revenue during this period were 40.16 percent and -11.45 percent respectively.

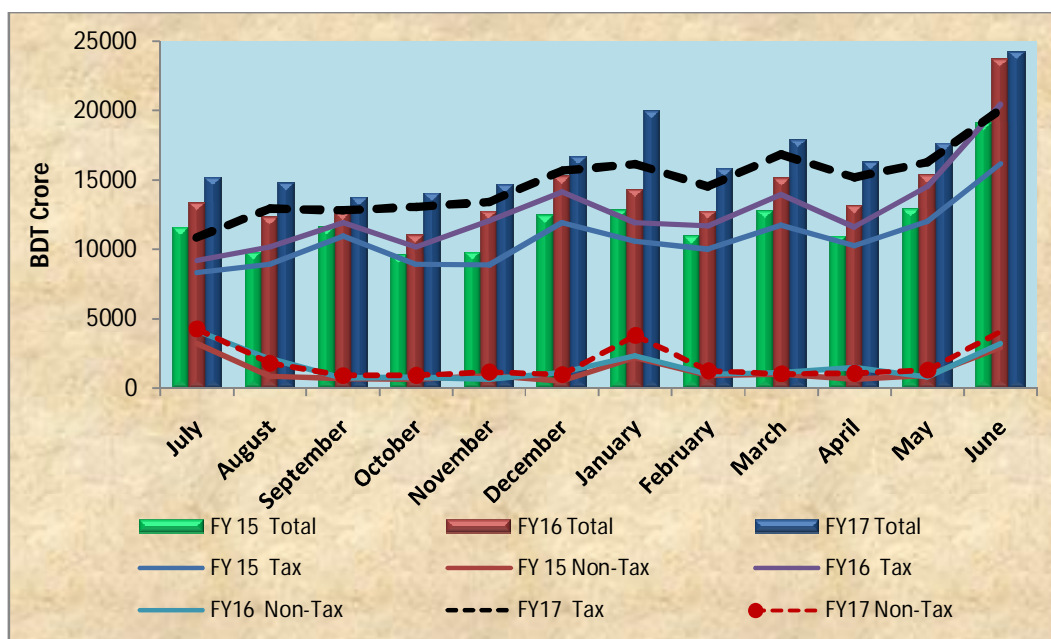
Table 1.1: Revenue Earning

(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)	126335	5064	131399	16396	147795
Growth (%)	1.89	5.04	2.00	-5.2	1.1
July FY17	10440	417	10857	4298	15155
July FY18	13912	1305	15217	3806	19023
Growth (%)	33.26	212.95	40.16	-11.45	25.52

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 decreased by 52.9 percent in FY17 compared to FY16. During July of FY18, grant receipt declined by 75 percent to TK. 2 crore against TK. 8 crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

2015-16 (Actual)	2016-17 (Actual)	Growth (%)	FY 17 July	FY 18 July	Growth (%) over July of FY 17
1910	900	-52.9	8	2	-75

Source: Integrated Budgeting &amp; Accounting System (IBAS), Finance Division

### 1.3 Government Expenditure

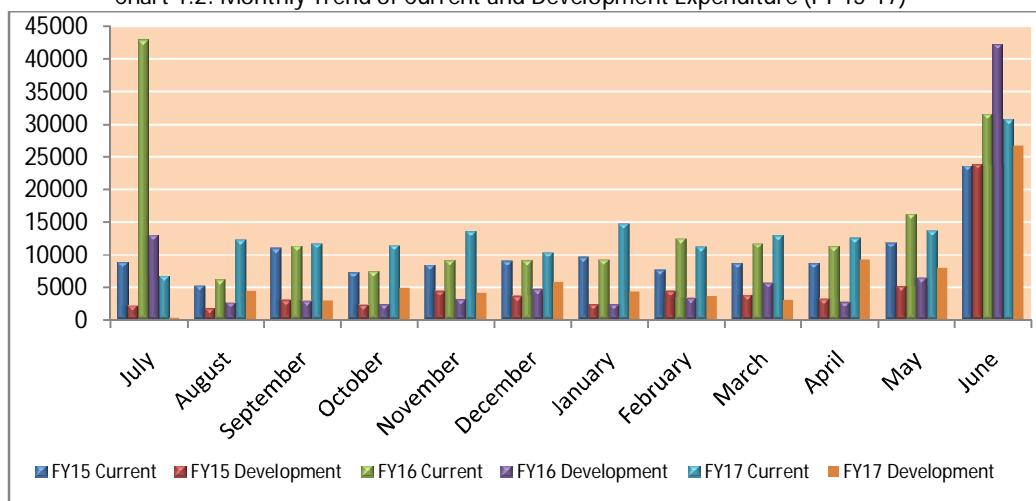
According to iBAS database, total government expenditure increased by 32.96 percent during July of FY18 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 404.33percent within the same period. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 952 Crore at the end of July of FY18, which is 0.58 percent higher than the same period of the last fiscal year.

Table 1.3: Government Expenditures (In crore taka)

	FY 16	FY 17	Growth (%)	FY 17 July	FY 18 July	Growth (%) over July, FY17
<b>1. Current Spending</b>	144456	161125	11.54	6631	7517	13.36
Pay and Allowances	39969	48760	21.99	1131	1342	18.66
Goods and Services	18277	21585	18.10	131	232	77.10
Interest Payment	33107	31839	-3.83	2513	3537	40.75
Domestic	31462	29998	-4.65	2294	3295	43.64
Foreign	1645	1841	11.91	219	242	10.50
Subsidy and Transfer	52873	58744	11.10	2856	2404	-15.83
Others	230	196	-14.78	0	2	0.00
<b>2. Food Accounts</b>	-641	1324	-306.55	-19	88	-563.16
<b>3. Non-ADP Capital &amp; Net Lending</b>	15429	21553	39.69	-27	207	-866.67
Non-ADP Capital	12365	15205	22.97	103	434	321.36
Net Lending	1063	2477	133.02	-130	-641	393.08
Non-ADP Project	138	2206	1498.55	0	0	0.00
FFW	1411	1457	3.26	0	0	0.00
Development Expenditure under Revenue Budget	452	208	-53.98	0	0	0.00
<b>4. Annual Development expenditure</b>	80076	77243	-3.54	254	1281	404.33
<b>Total (1+2+3+4)</b>	239320	261245	9.16	6839.00	9093.00	32.96
<b>Total Spending (Percent of GDP)</b>	13.81	13.22	-4.26	0.35	0.41	18.14

Source: Integrated Budgeting &amp; Accounting System (IBAS), Finance Division

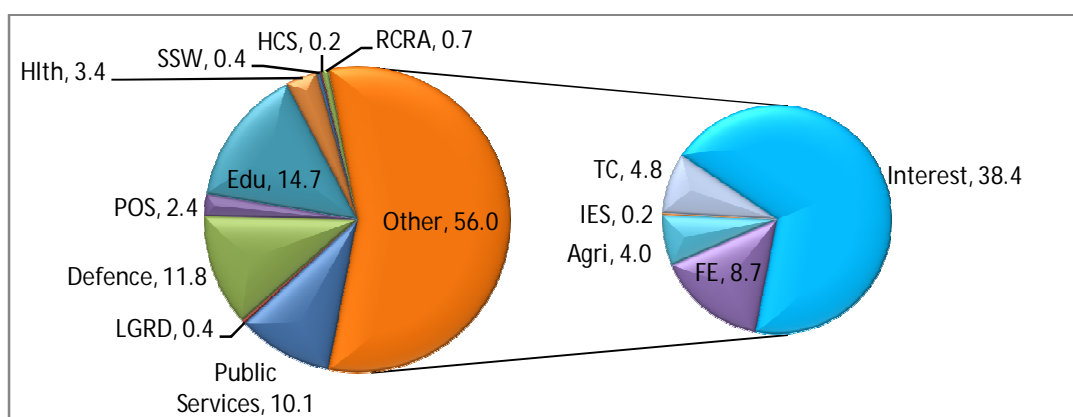
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 15-17)



#### 1.4 Composition of Revenue Expenditure

As in July of FY18, spending on interest payment was highest (38.4%) followed by education sector (14.7%) (Chart1.3).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (FY 18)

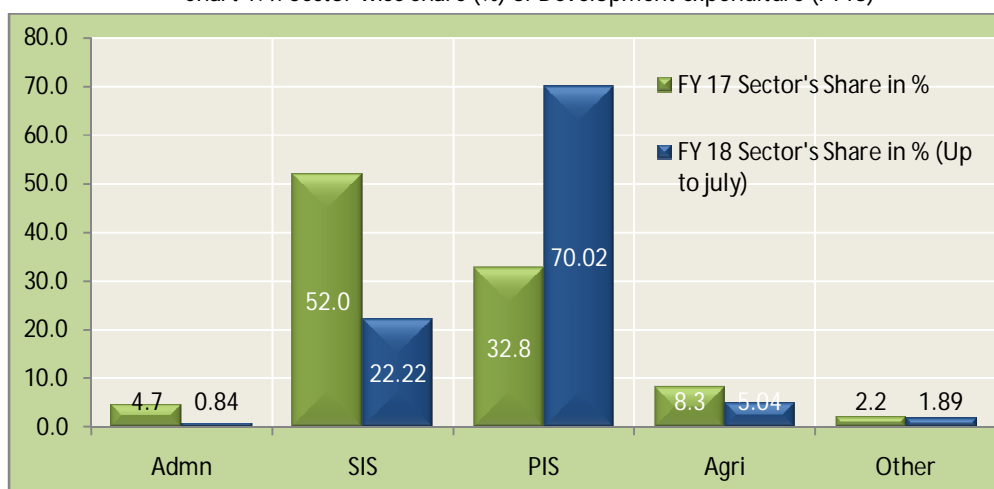


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, HiLth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

### 1.5 Composition of ADP Expenditure

Sector wise analysis of development expenditure shows that, up to the month of July FY18, highest share of spending went to Physical Infrastructure ( 70.02% )followed by Social Infrastructure (22.22%)

Chart 1.4: Sector wise share (%) of Development expenditure (FY18)



*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 FY17 stood at 4.95percent of GDP (Base year 2005-06), which was 3.55 percent in FY16. Overall budget balance including grants during July of FY18 records a deficit of BDT 10343 crore against a deficit of BDT 8318 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
2015-16	-61530	-3.55
2016-17	-97853	-4.95
July FY17	8318	0.42
July FY18	10343	0.47

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

### 1.7 Deficit Financing

Domestic borrowing from the banking system decreased to BDT 8514Crore in FY17 from BDT 10613Crore in FY 16. On the other hand, borrowing from the non-bank sources increased to BDT 61322Crore from 40181Crore within the same period. Net borrowing from the external sources increased to BDT 13471 Crore in FY 16 from BDT 9020 Crore in FY 16. Government total debt stock increased by BDT 10755 Crore during July of FY18 compared to the same period of FY17.

Table 1.5: Deficit Financing

(In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non- Bank		
2015-16	9020	10613	40181	50794	2.93
2016-17	13471	-8514	61322	52808	2.70
July FY17	-344	1463	-9436	-7973	-0.40
July FY18	399	-1112	-9643	-10755	-0.48

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

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

The sale of NSC during July of FY17 stood at Tk. 7352.11crore, which was 49.07 percent higher than that of the same period of the previous year. As a result, net borrowing through NSC stood at Tk.5053.54 crore by the end of July 2018 (Table 1.6).

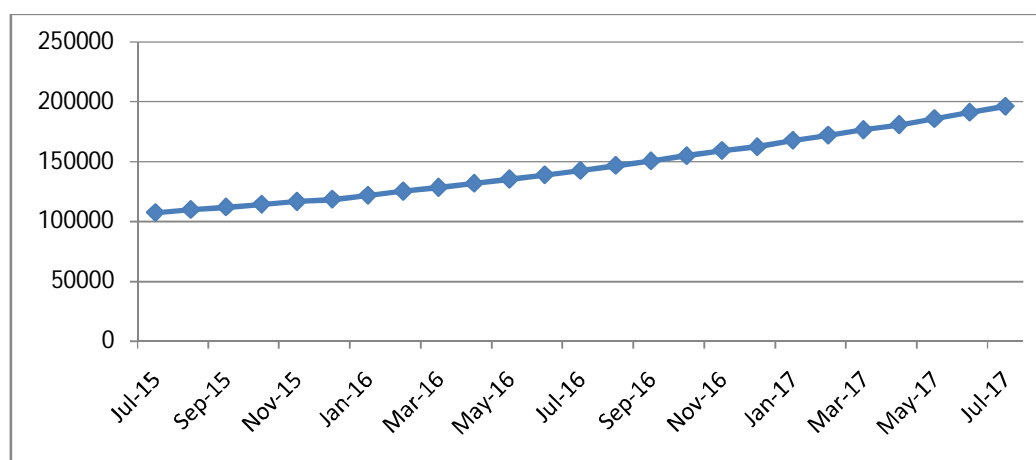
Table 1.6 Net Sale and repayment of NSC

(In crore taka)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2015-16	53712.45	20023.85	33688.6	135222.91
2016-17	75134.74	22717.26	52417.48	191236.22
Growth (%)	39.88	13.45	55.59	41.42
July FY17	4932.05	1433.68	3498.37	142317.11
July FY 18	7352.11	2298.57	5053.54	196289.76
Growth (%)	49.07	60.33	44.45	37.92

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 10.5 percent at the end of July 2017 with respect to the same period of the previous year (table 2.1). Among the sources of broad money, Net Foreign Assets (NFA) rose by 12.2 percent whereas Net Domestic Assets (NDA) increased by 9.95 percent. Domestic credit recorded an increase of 11.6 percent because of 16.9 percent growth in credit to private sector despite 15.3 percent negative growth in credit to public sector.

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period				Changes in outstanding stock	
	June 2016	July <sup>R</sup> 2016	June 2017	July <sup>P</sup> 2017	July 2017 Over June 2017	July 2017 over July 2016
<b>A. Net Foreign Assets(NFA)</b>	2331.4	2358.9	2667.0	2647.5	-19.4 (-0.7)	288.7 (+12.2)
<b>B. Net Domestic Asset(NDA)</b>	6832.4	6774.2	7493.8	7448.4	-45.4 (-0.6)	674.2 (+9.95)
<b>a. Domestic Credit</b>	8012.8	7979.7	8906.7	8903.4	-3.3 (-0.0)	923.8 (+11.6)
Public Sector	1302.7	1326.6	1146.1	1123.3	-22.9 (-2.0)	-203.3 (-15.3)
Govt (Net)	1142.2	1166.6	973.3	947.6	-25.7 (-2.6)	-219.0 (-18.8)
Other Public	160.5	160.0	172.8	175.7	2.9 (+1.7)	15.7 (+9.8)
Private sector	6710.1	6653.1	7760.6	7780.2	19.6 (+2)	1127.0 (+16.9)
<b>b. Other Items(net)</b>	-1180.4	-1205.5	-1412.9	-1455.0	-42.1 (3.0)	-249.6 (20.7)
<b>C. Broad Money(A+B)</b>	9163.8	9133.0	10160.8	10095.9	-64.8 (-.6)	1128.5 (+10.5)

Source: Major Economic Indicators, Bangladesh Bank; (-) -percentage changes

### 2.2 Reserve money Developments

Reserve money recorded an increase of 15.63 percent at the end of July 2017 over the same period of the previous year. At the same time, the value of reserve money multiplier increased to 4.80 at the end of July 2017 from 4.52 at the end of June 2017.

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

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June 2016	June 2017	July 2017	July 2017 over June 2017 (%)	July 2017 over July 2016 (%)
<b>Reserve money</b>	1932.01	2246.6	2102.88	-143.72 (-6.40)	284.30(+15.63)
<b>Money multiplier</b>	4.74	4.52	4.80	0.28	-0.22

Source: Major Economic Indicators, Bangladesh Bank

### 3. EXTERNAL SECTOR

#### 3.1 Exports

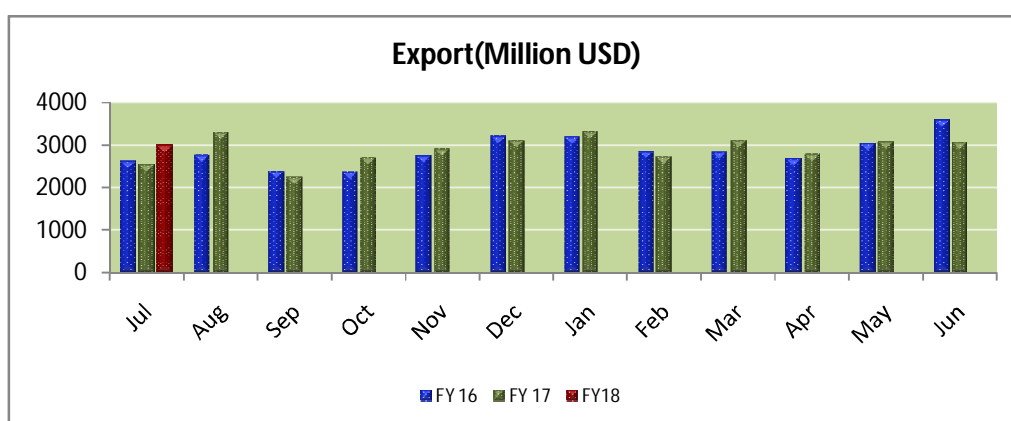
Export earnings grew by 1.72 percent and stood at US\$ 34846.84 million at the end of FY17 compared to 9.77 percent growth in the previous fiscal year. During July of FY18, export recorded 17.89 percent growth, which was -3.49 percent in the same period of the previous fiscal year.

Table 3.1: Export Performance (Million US\$)

	2015-16	2016-17	July 2017-18	July 2016-17
<b>Export</b>	34257.18	34846.84	2987.66	2534.31
<b>Growth (%)*</b>	+9.77	+1.72	+17.89	-3.49

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

Chart 3.1: Monthly Trend of Exports



#### 3.2 Imports (c & f)

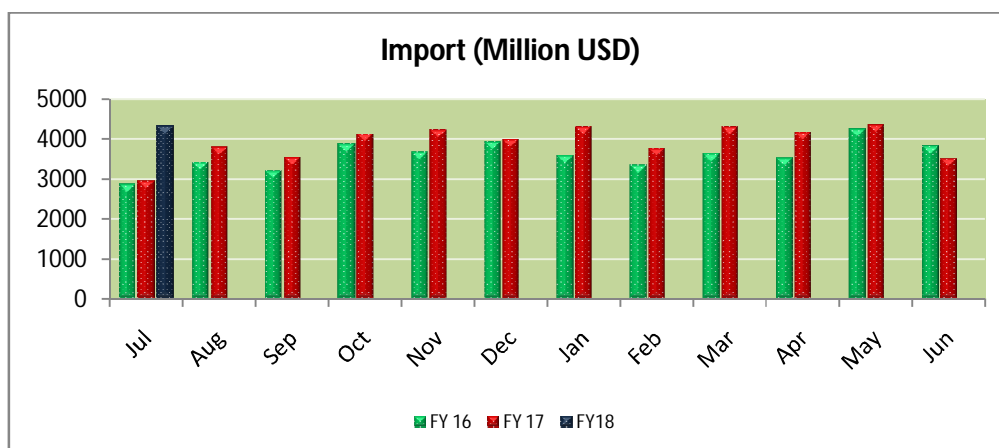
Import payments increased by 9 percent and stood at 47 billion at the end FY17 compared to 6 percent growth in FY16. Up to July of FY18, import payments increased by a whopping 47 percent compared to the same period of the previous fiscal year. Import Letter of Credit (LC) opening and settlement increased by 52 percent and 44 percent respectively in the same period (Table 3.2).

Table 3.2: Import Scenario

Period	FY 16 <sup>R</sup>	FY 17 <sup>P</sup>	FY 18 July
<b>Import payments</b>	43122.5	47005.2	4325.60
<b>Growth (%)</b>	5.94	9.00	47.05
<b>LCs Opened</b>	43335.33	48125.92	4709.68
<b>Growth (%)</b>	0.62	11.05	52.03
<b>LCs Settled</b>	40076.19	44272.76	4046.06
<b>Growth (%)</b>	4.22	10.47	44.28

Source: Bangladesh Bank. Growth rate (%) over the same period of the previous fiscal year, R-Revised, P-Provisional

Chart 3.2: Monthly Trend of Import Payments



### 3.3 Remittance

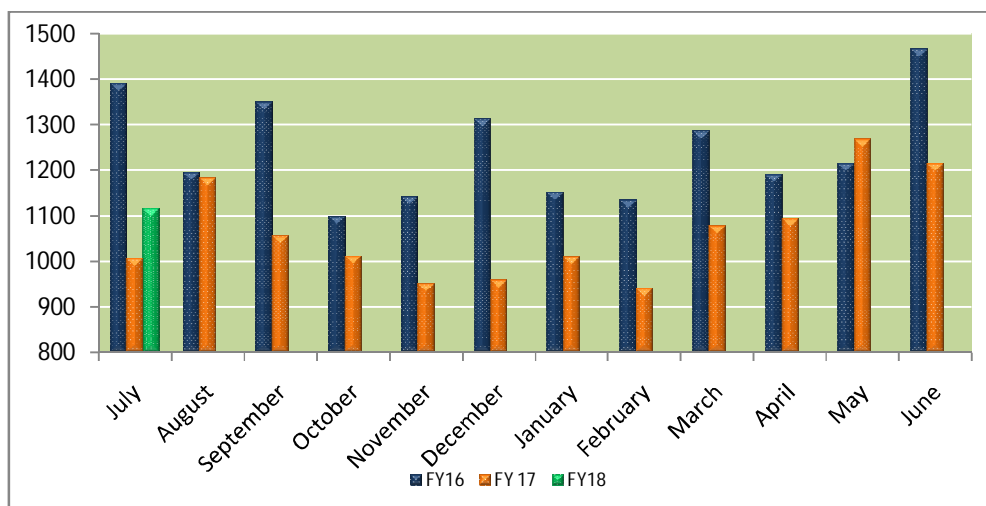
Remittance inflow fell by 14.48 percent during the fiscal year 17 compared to the previous year's decrease of 2.52 percent. However, remittance inflow recovered somewhat in the first month of the FY18 as it registered 10.95 percent growth compared to the same month of the previous year.

Table-3.3: Remittance Performance (In million US\$)

	FY 16	FY 17	FY 18 July
Remittances	14931.16	12769.45	1115.57
Growth (%)	-2.52	-14.48	10.95
As % of GDP	6.74	5.11	0.45
As % of Export	43.58	36.64	35.87

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.4 Exchange Rate Movements

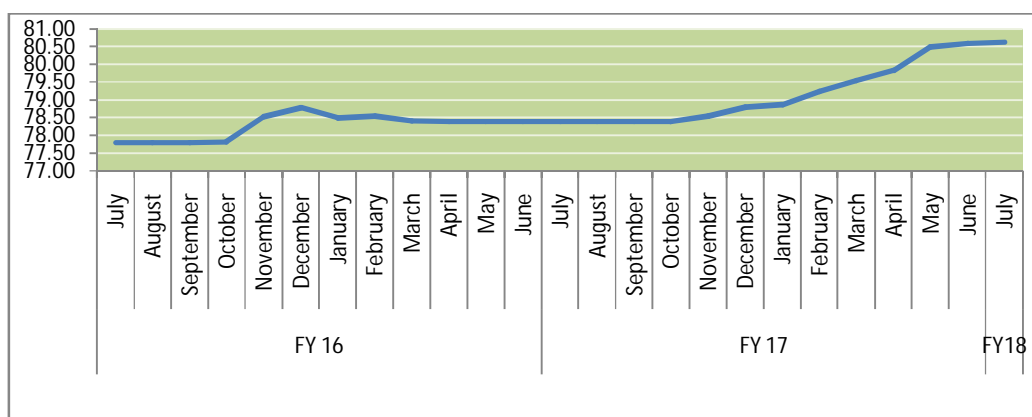
Local currency depreciated by 0.05 percent against US dollar at the end of July 2017 from its level at the end of June 2017.

Table 3.4: Exchange Rate Movements (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
2016-17	79.12	80.60
<b>2017-18</b>		
July	80.63	80.66

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.5 External Reserve

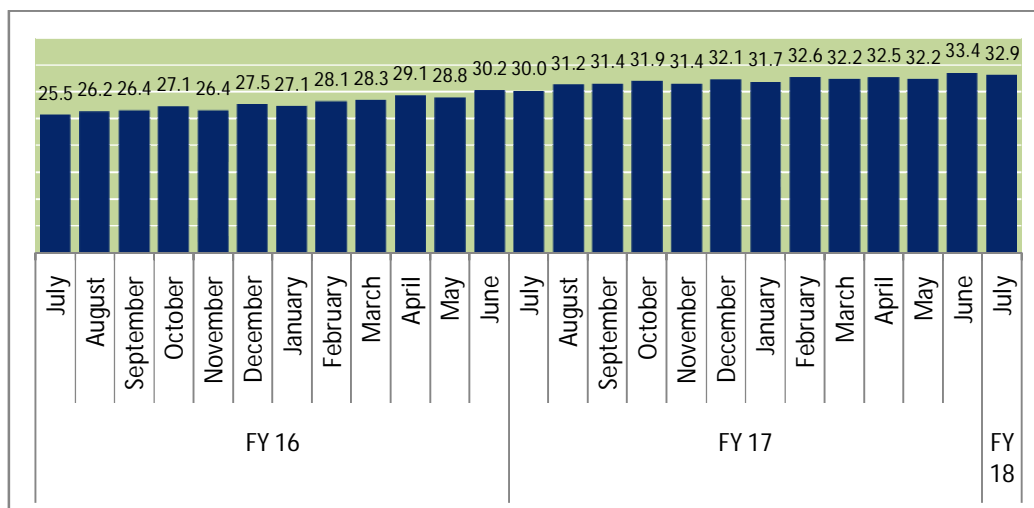
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 33.41 billion at the end of June 2017 from US\$ 30.2 billion at the end of June 2016. The gross foreign exchange reserve at the end of July 2017 stood at 32.9 billion, which is sufficient to cover import payments of 8.3 months.

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

	2014-15	2015-16	2016-17	July 2017
Reserve	25025.50	30168.22	33406.60	32907.74
In month of import payments	6.65	8.4	8.2	8.3

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 (BOP)

The country's trade deficit recorded a deficit of US\$ 1.06 billion in July of FY18 from US\$ 0.24 billion in the corresponding period of the FY17, which contributed to create a deficit in current account balance by US\$ 0.50 billion during July of FY18 from a surplus of US\$ 0.40 billion in the corresponding period of the previous fiscal year. Overall balance remains US\$ 0.18 billion deficit despite US\$ 0.49 billion surplus in the financial account at the end of July 2017.

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

	2015-16 <sup>R</sup>	2016-17 <sup>P</sup>	July 2017 <sup>P</sup>	July 2016 <sup>R</sup>
Trade Balance	-6460	-9472	-1056	-236
Current Account Balance	4262	-1480	-497	379
Capital Account	464	314	1	1
Financial Account	944	4179	492	240
Overall Balance	5036	3169	-179	480

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

## 4. REAL SECTOR

### 4.1 Real Sector Indicators

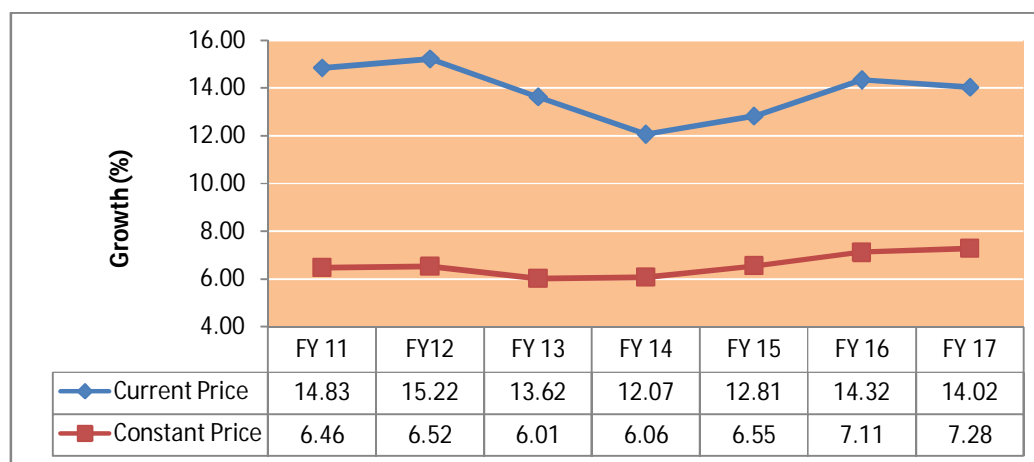
Official statistics from Bangladesh Bureau of Statistics (BBS) reported a robust 7.28 percent real GDP growth in FY17 compared to 7.11 percent growth in the previous fiscal year. At the same time, per capita GNI raised to US\$1610 in FY17 from US\$1465 in FY16.

Table 4.1 Real sector indicators (Base year 2005-06)

Concepts	Unit	FY 13	FY 14	FY 15	FY16	FY17
GDP at constant prices	Billion Tk.	7,299.0	7,741.4	8,248.6	8,835.4	9,479.0
Growth	%	6.01	6.06	6.55	7.11	7.28
GDP at current prices	Billion Tk.	11,989.2	13,436.7	15,158.0	17,328.6	19,758.2
Growth	%	13.62	12.07	12.81	14.32	14.02
GNI at current prices	Billion Tk.	12953.5	14332.2	16142.0	18326.7	20607.2
Per capita GDP	Taka	78,009	86,266	96,004	108,378	122,152
Per capita GNI	Taka	84,283	92,015	102,236	114,621	127,401
Per capita GDP	US\$	976	1,110	1,236	1,385	1,544
Per capita GNI	US\$	1,054	1,184	1,316	1,465	1,610

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

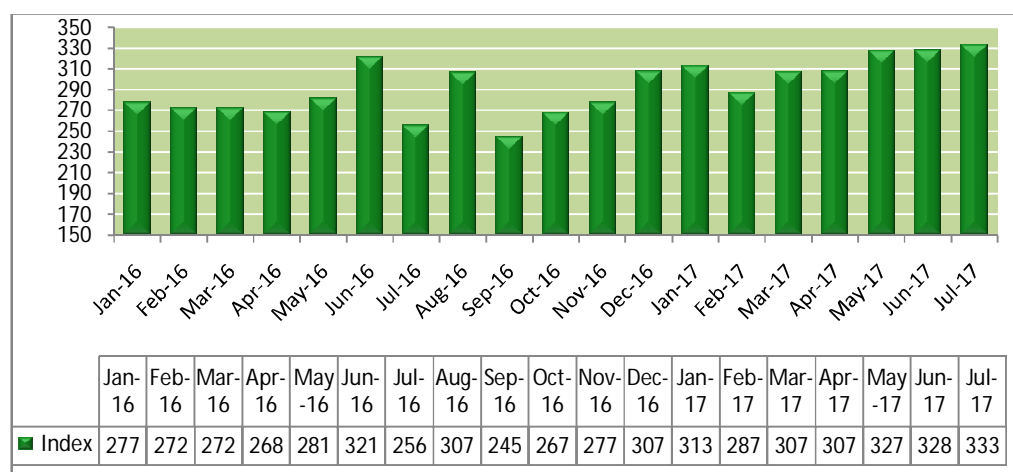
Quantum Index of large and medium scale manufacturing Industries increased by 30.4 percent and became 333.17 in July2017 from the same month of the previous fiscal year (table 4.2). This growth rate of industrial production was 11.2 percent and 13.5 percent in FY17 and FY16 respectively.

Table 4.2: Quantum Index of Industrial Production (Base: 2005-06=100)

Period	Index	Growth Rate (%)*
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
2016-17	297.89	11.2
July 2016	255.52	0.7
July 2017 <sup>P</sup>	333.17	30.4

Source: BBS, P-Provisional, \*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

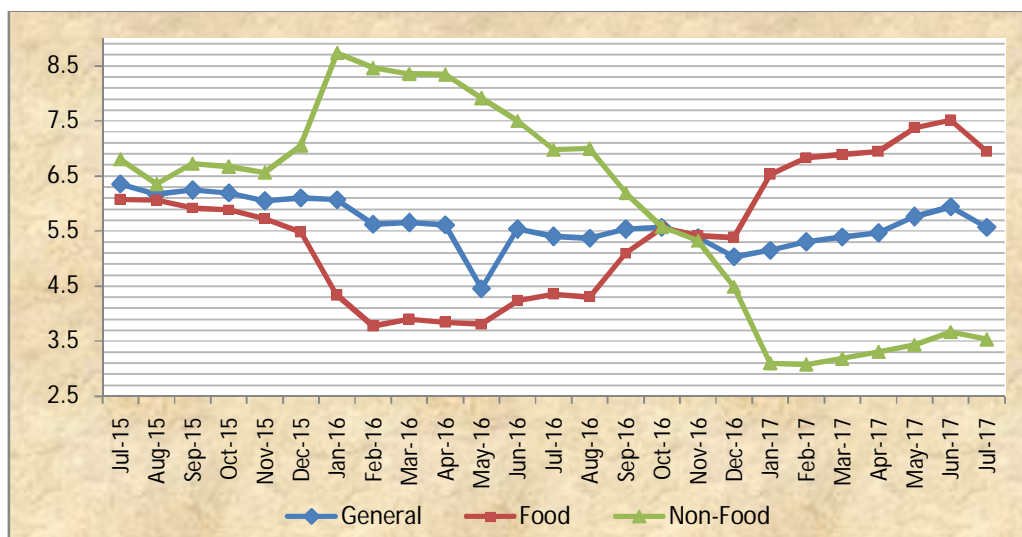
In FY17, the average rate of inflation (12-month average basis) has fallen down to 5.44 percent from 5.92 percent in the previous year (table-4.3). On the twelve-month average basis, general inflation edged up marginally to 5.45 percent in July 2017, of which food and non-food inflation were 6.23 percent and 4.29 percent respectively. On the other hand, point-to-point inflation stood at 5.57 percent in the same month, of which, food and non-food inflation were 6.95 percent and 3.53 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	5.44	6.02	4.57
2017-18			
July	5.45	6.23	4.29

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics