



MONTHLY REPORT ON FISCAL-MACRO POSITION

November 2020

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Executive Summary

The November 2020 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

An increase in non-tax revenue by 40.17 percent and an increase in tax revenue by 3.56 percent have resulted in total revenue to grow by 8.70 percent in July-November of FY¹21. At the same time, total government spending fall by 7.09 percent as the development expenditure fall by 22.96 percent on the back of slow implementation of the development projects due to the COVID19 pandemic. Overall budget balance including grants remains a deficit of 7,725.10 crore BDT at the end of November 20.

Monetary Sector

Broad Money (M2) grew by 13.99 percent at the end of November of FY21 resulted from 27.75 percent growth in the Net Foreign Asset (NFA) and 10.29 percent growth in the Net Domestic Asset (NDA). At the same time, reserve money grew by 20.68 percent that resulted in decline in the money multiplier by 0.29.

External Sector

Export increased by 0.93 percent while import payments fell by 8.81 percent in July-November of FY21 compared to that of July-November of FY20. At the same time, remittance inflow increased by 41.32 percent. Strong remittance inflow along with subdued imports has contributed to building a foreign exchange reserve that stood at US\$ 41.08 billion, which is equivalent to import payments of 9.44 months, at the end of November 20.

Real Sector

The quantum Index of the large and medium scale manufacturing industry has increased by 9.91 percent on November 20 over November 19. Leather & related products experienced 31.55 percent growth followed by food products with 21.29 percent growth, Pharmaceuticals with 15.64 percent growth compared to that of November 19. The CPI inflation (12-month moving average) edged down to 5.73 percent, of which, food and non-food inflation are 5.81 percent and 5.60 percent respectively at the end of November 20.

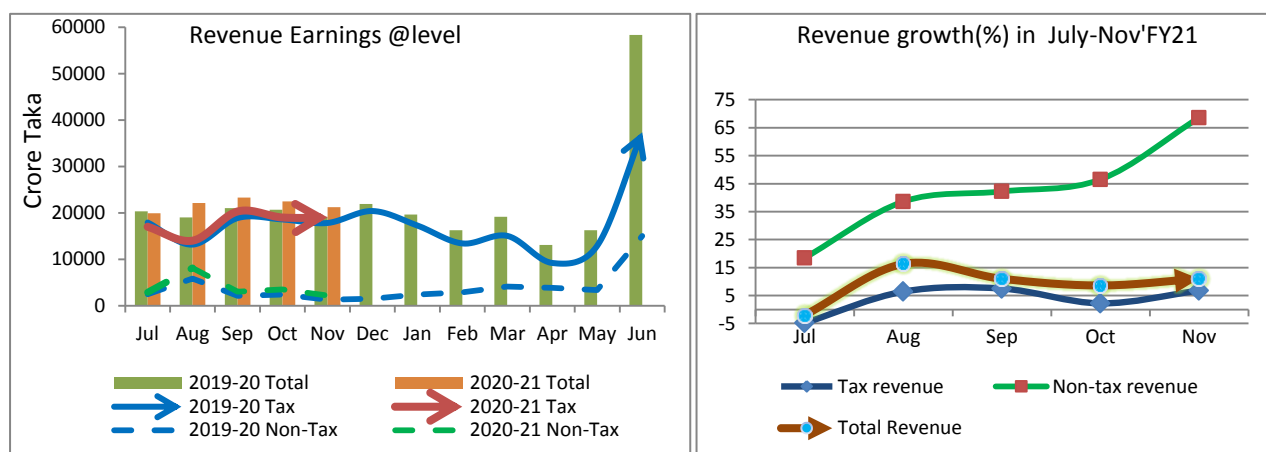
¹ FY21 stands for fiscal year 2020-21 that starts from 1 July 2020 and ends on 30 June 2021

1. FISCAL SECTOR

1.1 Revenue Earnings

Revenue grew by 11.03 percent in November'20 compared to that of November'19 where tax revenue growth is 6.79 percent and non-tax revenue growth is 68.62 percent. Cumulative growth of revenue is 8.70 percent in July-November of FY21 where tax revenue grew by 3.56 percent and non-tax revenue grew by 40.17 percent.

Chart 1.1: Monthly trend of Revenue earnings



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

Table 1.1: Revenue Earnings (crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2020-21 (July-November)	87,004.29	2,412.74	89,417.02	19,745.70	109,162.72
2019-20 (July-November)	83,384.39	2,956.78	86,341.17	14,086.56	100,427.73
Growth (%)	4.34	-18.40	3.56	40.17	8.70
2019-20	214,811.50	5,943.57	220,755.06	42,450.37	263,205.44
2018-19	218,845.25	7,341.39	226,186.64	27,698.46	253,885.10
Growth (%)	-1.84	-19.04	-2.40	53.26	3.67

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

1.2 Government Expenditure

Total operating expenditure marginally increased (0.34 percent) in July-November of FY21 compared to that of FY20. At the same time, declining in development expenditure by 22.96 percent has resulted in total government expenditure falling by 7.09 percent. According to the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning, the execution rate of ADP is 43.78 percent in July-November of FY21.

Table 1.2: Government Expenditure (Crore taka)

	2020-21 (July- November)	2019-20 (July- November)	Growth (%) (July- November)	2019-20	2018-19	Yearly Growth (%)
a1. Operating Recurrent Expenditure	85,127.62	83,002.48	2.56	234,470.74	222,670.16	5.30
Pay and Allowances	23,733.86	22,953.51	3.40	56,236.52	54,920.36	2.40
Use of Goods and Services	6,770.46	7,802.21	-13.22	28,463.13	30,512.00	-6.71
Interest Payment	23,990.84	22,294.13	7.61	57,682.71	50,066.14	15.21
Domestic	22,604.94	20,477.28	10.39	53,364.84	46,530.29	14.69
Foreign	1,385.90	1,816.85	-23.72	4,317.87	3,535.85	22.12
Subsidies and Transfer	30,632.47	29,952.63	2.27	92,088.39	87,171.66	5.64
a2. Operating Capital Expenditure	3,291.55	5,119.28	-35.70	18,223.13	21,132.24	-13.77
a) Total Operating Expenditure (a1+a2)	88,419.17	88,121.75	0.34	252,693.87	243,802.40	3.65
b) Outlay for Food Accounts	2,742.74	4,050.19	-32.28	2,325.57	4,233.20	-45.06
c) Net lending	-1,013.74	-1,075.66	-5.76	1,205.81	-2,518.51	-147.88
d) Development Expenditure	26,752.66	34,724.82	-22.96	161,609.58	157,744.26	2.45
Of which ADP	26,142.34	34,248.40	-23.67	155,193.03	153,976.30	0.79
Total Expenditure (a+b+c+d)	116,900.83	125,821.10	-7.09	417,834.83	403,261.35	3.61
Total Expenditure (% of GDP)	8.85	10.80	-1.95	14.94	15.86	-0.92
Memo item: Nominal GDP	3,171,824.04*	2,796,378.20	13.43	2,796,378.20	2,542,482.60	9.99

Source: Integrated Budgeting & Accounting System (iBAS++), Finance Division, *-Projected GDP @budget preparation

1.3 Budget Deficit

Overall budget balance (including grants) improved significantly as the government expenditure fall by 7.09 percent while total revenue increased by 8.70 percent in July-November of FY21.

Table 1.3: Budget Balance (Crore taka)

Year	Overall Balance	Overall Balance as % of GDP
2020-21 (July-November)	-7,725.10	-0.24
2019-20 (July-November)	-25,392.63	-0.91
2019-20	-152,507.07	-5.45
2018-19	-147,688.48	-5.81

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

1.4 Deficit Financing

The government overwhelmingly financed its deficit from the banking source. Further, it borrowed additional money from the banking source to reimburse the loan taken from the non-banking source.

Table 1.4: Deficit financing (Crore taka)

Period	External (Net)	Domestic			Total Financing	Financing as % of GDP
		Bank	Non-Bank	Total		
2020-21(July-November)	2,680.77	16,276.04	-11,204.05	5,071.99	7,752.76	0.24
2019-20(July-November)	-842.16	40,199.40	-13,967.41	26,231.99	25,389.83	0.91
2019-20	45,137.87	81,717.96	24,919.30	106,637.26	151,775.13	5.43

2018-19	31,271.82	29,479.41	81,996.14	111,475.55	142,747.37	5.24
Target in 2020-21	76,004.00	84,979.99	25,003.00	109,982.99	185,986.99	5.86

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

1.4.1 National Savings Certificates (NSCs)

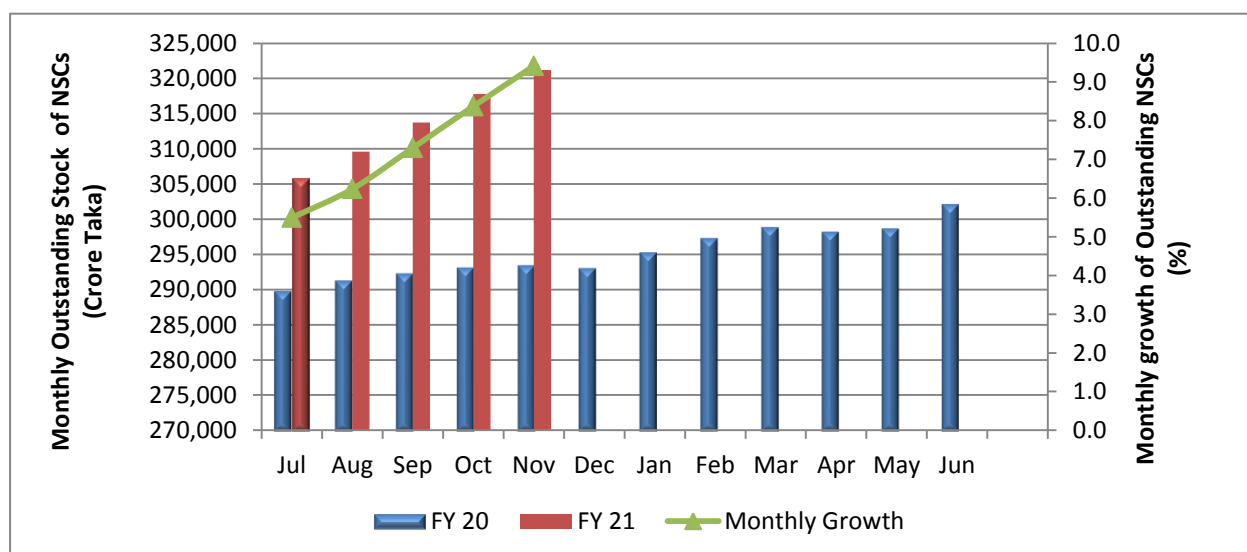
The trend of NSC sales that has slowed down in the last fiscal year has reversed as the net sales of NSCs increased by 226.02 percent in July-November of FY21. As a result, outstanding NSC has increased by 9.41 percent at the end of November 20 compared to that of November 19.

Table 1.5 Net Sale and Repayment of NSCs (Crore taka)

Period	Sale	Repayment (Principal)	Net Sale	Outstanding at the end of period
2020-21 (July-November)	46,743.01	27,698.09	19,044.92	321,179.27
2019-20 (July-November)	28,862.92	23,021.28	5,841.64	293,547.64
Growth* (%)	61.95	20.32	226.02	9.41
2019-20	67,127.75	52,699.40	14,428.35	302,134.35
2018-19	90,342.39	40,402.91	49,939.48	287,706.00
Growth (%)	-25.70	30.43	-71.11	5.01

Source: Bangladesh Bank; *-Growth calculated over the same month of the previous year.

Chart 1.2: Monthly trend of the outstanding stock of NSCs



Source: Major Economic Indicators, Bangladesh Bank, Monthly growth calculated over the same period of the previous year

2. MONETARY SECTOR

2.1 Monetary and Credit Development

Broad money (M2) rose 13.99 percent to 14.54 trillion taka at the end of November 20 from that of November 19. Of the sources of broad money, Net Domestic Asset (NDA) increased by 10.29 percent and Net foreign asset (NFA) increased by 27.75 percent. Strong public sector credit growth on the back of government borrowing from the banking system has contributed to higher growth in the net domestic asset despite moderate credit growth in the private sector.

Table 2.1: Monetary and Credit Development

Items	Outstanding stock (Billion BDT) at the end of period			Changes in Outstanding stock (%)	
	Nov-20	Nov-19	Jun-20	Nov-20 over Nov-19	Nov-20 over Jun-20
A. Net Foreign Assets (NFA)	3,454.03	2,703.68	2,973.36	27.75	16.17
B. Net Domestic Asset (NDA)	11,085.57	10,051.09	10,763.99	10.29	2.99
a. Domestic Credit	13,446.89	12,162.03	13,076.34	10.56	2.83
Public Sector	2,237.87	1,803.87	2,103.66	24.06	6.38
Govt. (Net)	1,931.46	1,534.36	1,811.51	25.88	6.62
Other Public	306.41	269.51	292.15	13.69	4.88
Private sector	11,209.02	10,358.15	10,972.68	8.21	2.15
b. Net Other assets	-2,361.32	-2,110.93	-2,312.35	11.86	2.12
C. Broad Money (A+B)	14,539.60	12,754.77	13,737.35	13.99	5.84

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve Money Development

Reserve money rose 20.68 percent to 2.97 trillion at the end of November 20 from that of November 19. Higher growth of reserve money compared to that of broad money has resulted in decline of the money multiplier by 0.29. Reserve money increased by 4.43 percent in November 20 compared to that of June 20.

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

Items	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	Nov-20	Nov-19	Jun-20	Nov-20 over Nov-19	Nov-20 over Jun-20
Reserve money	2,971	2,462	2,845	20.68%	4.43%
Money multiplier	4.89	5.18	4.83	-0.29	0.07

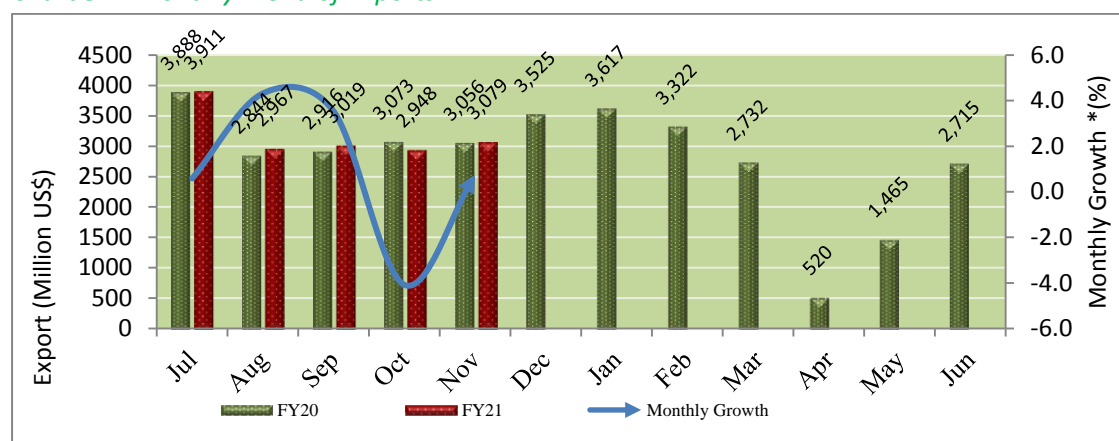
Source: Monthly Economic Trends, Bangladesh Bank

3. EXTERNAL SECTOR

3.1 Exports

Merchandise export increased marginally (0.76 percent) in November 2020 compared to that of November 2019 after a decline (4.08 percent) in October 2020. With this growth, cumulative export rose by 0.93 percent to 15.92 billion USD in July-November of FY21 compared to that of the previous year.

Chart 3.1: Monthly Trend of Exports



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

Table 3.1: Export Performance (Million US\$)

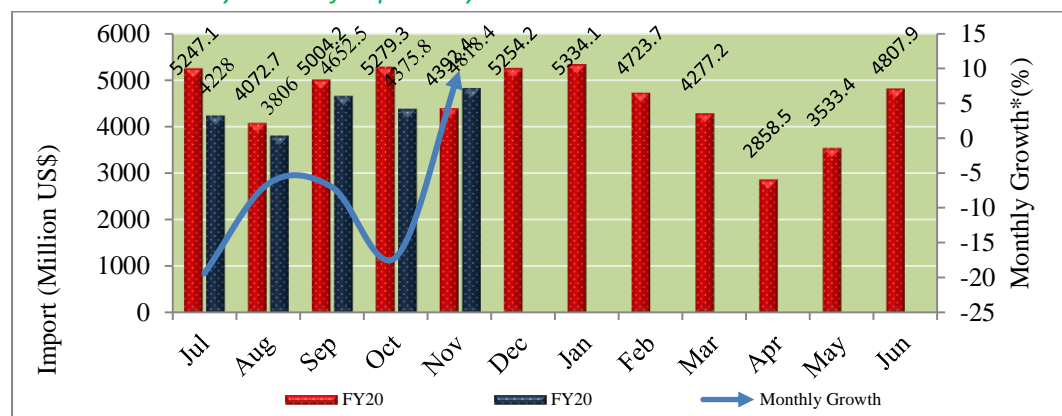
	2020-21 (July-November)	2019-20 (July-November)	2019-20	2018-19
Exports	15,923.59	15,777.10	33,674.12	40,535.04
Growth*(%)	0.93	-7.59	-16.93	10.55

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

3.2 Imports (C & F)

Import has picked up in November 20 as import payments increased by 9.70 percent to 4.82 billion USD in November 20 compared to that of the previous year after a negative growth in the first four months. Despite this growth, cumulative import payments dropped by 8.81 percent to 21.88 billion USD in July-November of FY21 compared to that of the previous year. At the same time, Letter of Credit (LC) opening marginally increased by 1.78 percent while LCs settlement fell by 7.98 percent.

Chart 3.2: Monthly Trend of Import Payments



Source: Bangladesh Bank, *Growth over the same period of the previous year

Table 3.2: Import Scenario (Million US\$)

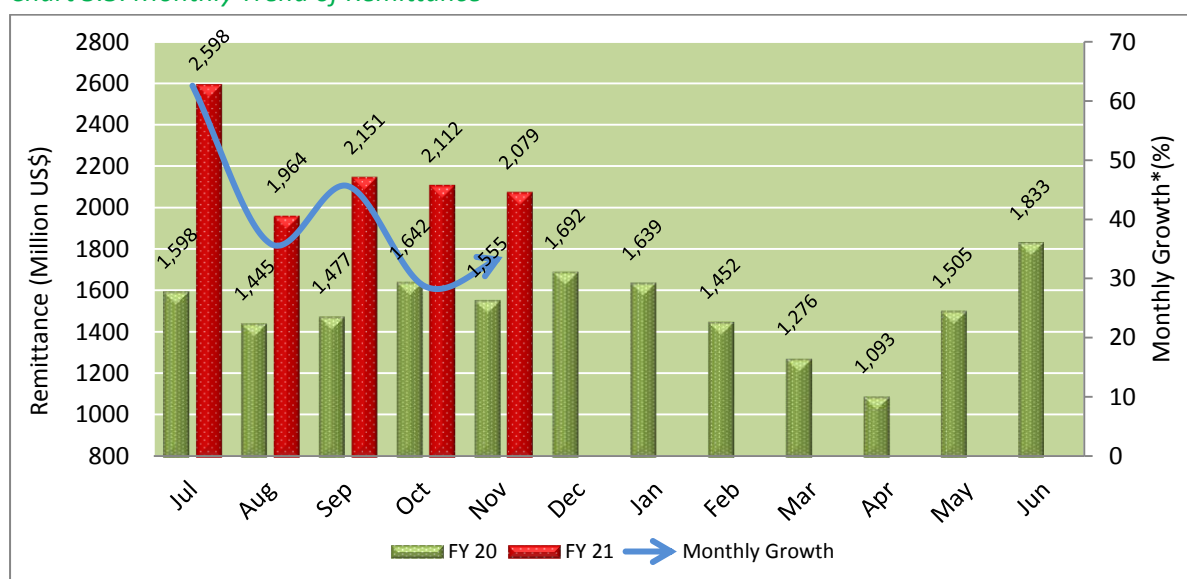
Item	2020-21 (July-November)	2019-20 (July-November)	2019-20	2018-19
Import payments	21,880.70	23,995.70	54,784.70	59,914.70
Growth* (%)	-8.81	-5.25	-8.56	1.78
LCs Opened	22,926.59	22,525.67	53,119.86	58,703.38
Growth* (%)	1.78	-	-9.51	-16.81
LCs Settled	19,875.81	21,599.87	51,091.47	57,328.19
Growth* (%)	-7.98	-	-10.88	6.03

Source: Bangladesh Bank. *Growth over the same period of the previous year

3.3 Remittances

Remittance inflow continued its bullish trend in November 20 with 33.66 percent growth compared to that of the previous year. As a result, cumulative remittance inflow grew by 41.32 percent in July-November of FY21 compared to that of the previous year. The government has been providing 2.0 percent fiscal incentives for each dollar remittance inflow into the economy. Further, reforms in the financial sector, such as Improvement in the mobile financial services, agent banking, and financial inclusions have resulted in jump in remittance in the formal channel.

Chart 3.3: Monthly Trend of Remittance



Source: Bangladesh Bank;

Table 3.3: Remittance Performance (Million US\$)

	2020-21 (July-November)	2019-20 (July-November)	2019-20	2018-19
Remittances	10,904.38	7,716.25	18,205.11	16,419.63
As % of Export	68.48	48.91	54.06	40.51
As % of GDP	7.00	5.61	5.52	5.43
Growth (%)	41.32	22.71	10.87	9.62

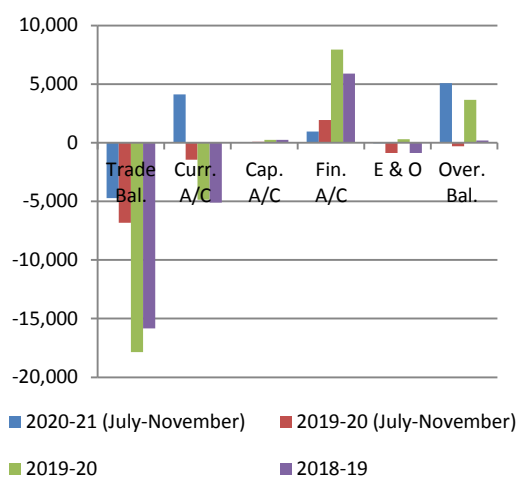
Source: Bangladesh Bank;

3.4 Balance of Payments (BOP)

The marginal increase in exports and a fall in import payments have contributed to improving the trade balance in July-November of FY21. At the same time, higher remittance inflow has turned the current account balance from a 1.45 Billion US\$ deficit to a 4.11 Billion US\$ surplus. Consequently, the overall balance has also turned a 5.07 Billion US\$ surplus in November 20 from a 0.31 Billion US\$ deficit in November 19.

Table 3.4: Balance of Payments (Million US\$)

	2020-21 (July- November)	2019-20 (July- November)	2019-20	2018-19
Trade Balance	-4,715	-6,811	-17,861	-15,835
Current Account	4,109	-1,447	-4,849	-5,102
Capital Account	59	77	256	239
Financial Account	949	1,948	7,952	5,907
Error & Omission	-49	-885	296	-865
Overall Balance	5,068	-307	3,655	179



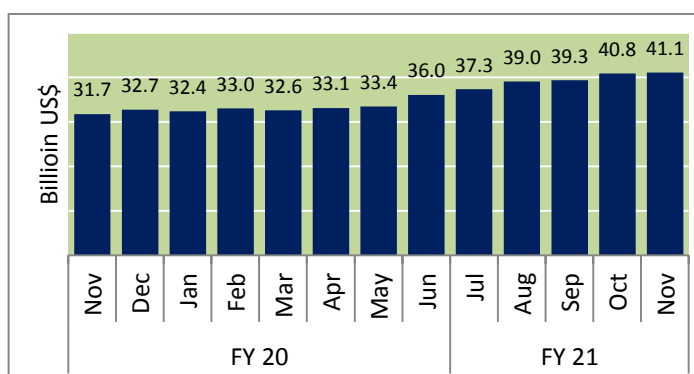
Source: Bangladesh Bank;

3.5 External Reserve

The gross foreign exchange reserve stood at 41.08 billion at the end of November 20, which is enough to cover import payments of 9.44 months based on the average import liability of the previous 12 months. Foreign exchange reserve has surged at the end of November 20 on the back of higher remittance inflow and lower import payments.

Table 3.5: Foreign Exchange Reserve (end of the month)

Reserve	2020-21 (November)	2019-20 (November)	2019-20 (June)
Million US\$	41,078.10	31,728.99	36,037.03
Months of import payment	9.44	6.65	7.87



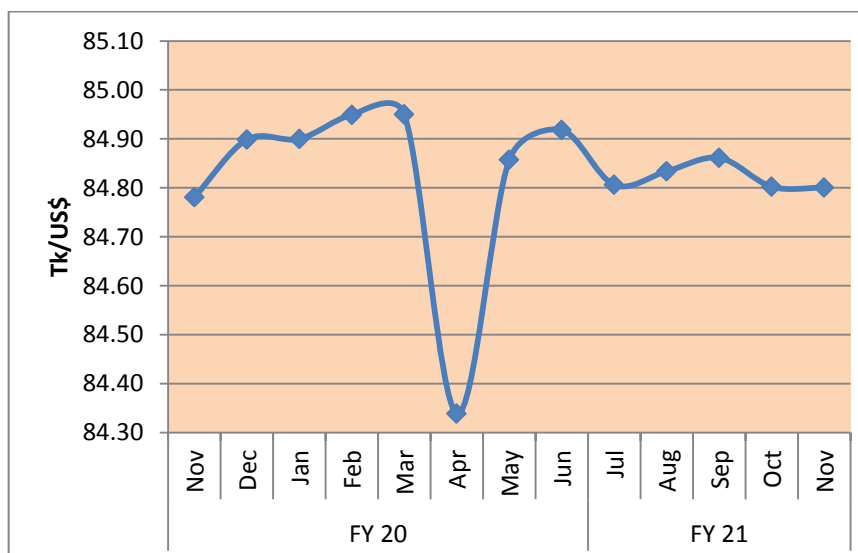
Source: Bangladesh Bank

3.6 Exchange Rate Movements

The exchange rate remained broadly stable due to Bangladesh Bank's timely intervention in the foreign exchange market. Domestic currency (BDT) moved within a narrow band (84.75-85.00 BDT/US\$) in the last one year except slight appreciation (84.45 BDT/US\$) in April.

Table 3.6: Exchange Rate Movement (Taka/US\$)

Period	Average	End period
2014-15	77.67	77.81
2015-16	78.40	78.40
2016-17	79.12	80.60
2017-18	83.70	83.70
2018-19	84.02	84.50
2019-20	84.78	84.90
2020-21		
July	84.81	84.80
August	84.83	84.83
September	84.86	84.84
October	84.80	84.80
November	84.80	84.80



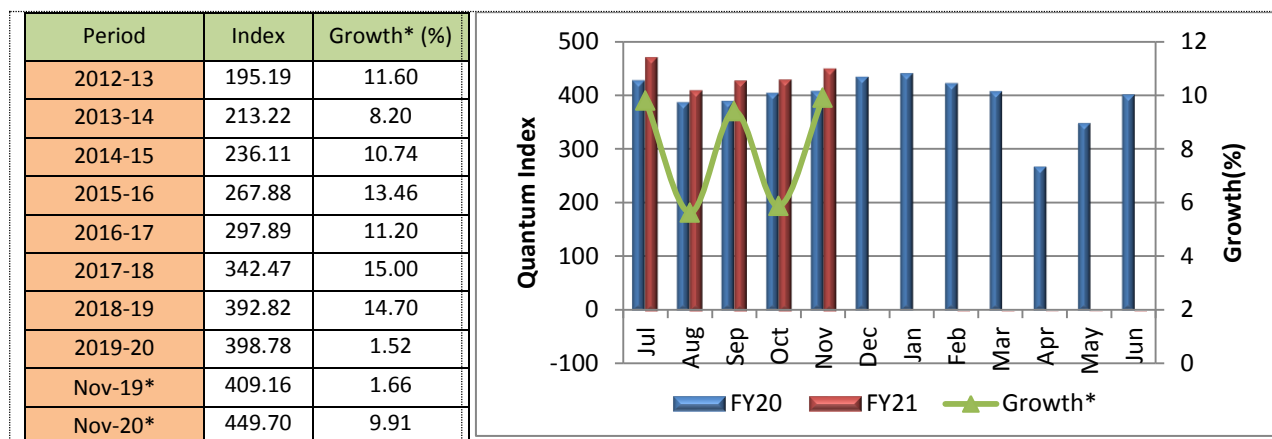
Source: Bangladesh Bank

4. REAL SECTOR

4.1 Quantum Index of Industrial Production

The Quantum Index of the large and medium scale manufacturing industry, which accounts for 87.54 percent of the industrial production, has increased by 9.91 percent in November 20 compared to the level of November 19. On the other hand, Industrial production index grew by 1.66 percent in November 20 compared to the previous month (October 20).

Table 4.1: Quantum Index of large and medium scale manufacturing industry (Base: 2005-06=100)



Source: BBS, P-Provisional, *Growth over the same period of the previous fiscal year

Table 4.2: Quantum Index of large and medium scale manufacturing industry by Major Industry group

Major Industry Group	Weight	Index			Change of Index	
		Nov'19	Oct'20	Nov'20	Nov'20 over Nov'19(%)	Nov'20 over Oct'20(%)
General Index	100	409.16	429.25	449.70	9.91	4.76
Of which Wearing apparel	34.84	394.32	376.3	395.04	0.18	4.98
Textile	14.07	266.39	258.76	250.58	-5.93	-3.16
Food products	10.84	561.17	607.57	680.64	21.29	12.03
Pharmaceuticals	8.23	871.07	988.46	1007.3	15.64	1.91
Non-metallic mineral Products	7.12	486.18	525.53	534.48	9.93	1.70
Leather & related products	4.40	381.92	505.71	502.41	31.55	-0.65

Source: BBS, P-Provisional, *Growth over the same period of the previous fiscal year

Industrial production by major industry group shows that Leather & related products experienced 31.55 percent growth followed by food products with 21.29 percent growth, Pharmaceuticals with 15.64 percent growth November 20 compared to that of November 19. The Textile and wearing apparel industry are still struggling with the slower external demand caused by the COVID19 pandemic. Overall, the output of the most industries increased in November 20 compared to that of November 19.

4.2 CPI Inflation

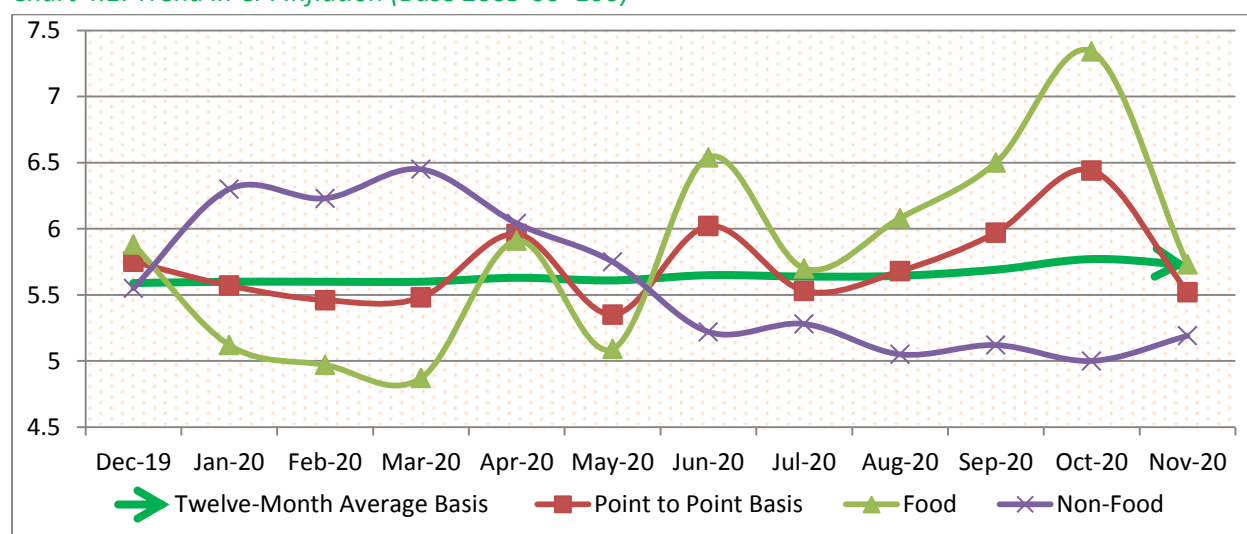
The CPI inflation (Twelve-month average basis) has edged up to 5.73 where food inflation is 5.81 and non-food inflation is 5.60 in November 20 as the food inflation moderated in the winter. CPI inflation has been targeted at 5.40 percent in FY21.

Table 4.3: CPI Inflation (National) (Base 2005-06)

Fiscal Year	Twelve-Month Average Basis			Point to Point Basis		
	General	Food	Non-Food	General	Food	Non-Food
2014-15	6.41	6.68	5.99	6.25	8.00	5.45
2015-16	5.92	4.90	7.47	5.53	6.32	6.15
2016-17	5.44	6.02	4.57	5.94	7.51	3.67
2017-18	5.78	7.13	3.74	5.54	5.98	4.87
2018-19	5.48	5.51	5.42	5.52	5.40	5.71
2019-20	5.65	5.52	5.85	5.65	5.56	5.85
2020-21						
July	5.64	5.54	5.79	5.53	5.70	5.28
August	5.65	5.61	5.72	5.68	6.08	5.05
September	5.69	5.71	5.66	5.97	6.50	5.12
October	5.77	5.87	5.62	6.44	7.34	5.00
November	5.73	5.81	5.60	5.52	5.73	5.19

Source: Bangladesh Bank

Chart 4.1: Trend in CPI Inflation (Base 2005-06=100)



4.3 GDP Growth Outlook

Bangladesh Bureau of Statistics (BBS)' provisional data show that GDP has grown by 5.24 percent, which is 2.96 percent lower than that of the government's target in FY20. Private consumption (2.47) and private investment (1.59) are the two largest contributors to this estimated growth. On the supply side, growth was mainly driven by services (5.32) and the industrial sector (6.48). With this growth, per capita GNI rose to US\$2064 at the end of FY20. The government has projected GDP to grow at 8.2 percent to 31,71,824 lac crore taka at the time of budget preparation and with this growth per capita income would rise to 2,326US\$ in FY21. However, the projected growth largely depends upon how quickly the economy makes a turnaround from the COVID19 pandemic.