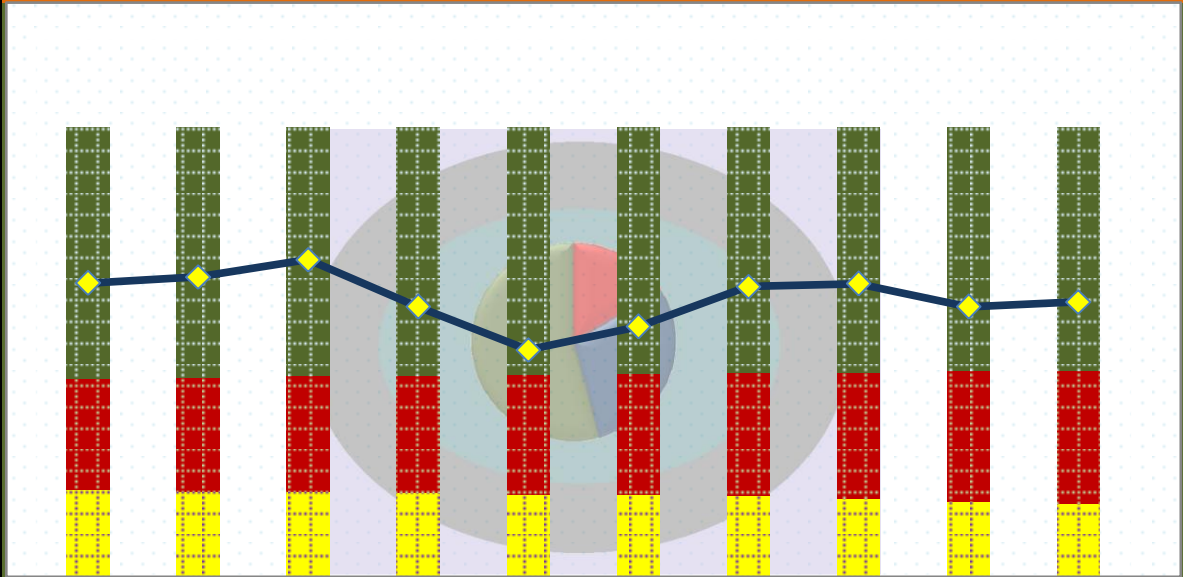




# MONTHLY REPORT ON FISCAL-MACRO POSITION

March 2017



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## Contents

1.	FISCAL SECTOR.....	04
1.1	Revenue Earnings.....	04
1.2	Grants.....	04
1.3	Government Expenditure.....	05
1.4	Composition of Revenue Expenditure.....	06
1.5	Composition of ADP Expenditure.....	06
1.6	Budget Deficit.....	07
1.7	Deficit Financing.....	07
1.8	Sale and repayment of National Savings Certificates (NSC) .....	07
2	MONETARY SECTOR.....	09
2.1	Monetary and credit development.....	09
2.2	Reserve money Developments .....	09
3	EXTERNAL SECTOR.....	10
3.1	Exports.....	10
3.2	Imports (c & f).....	10
3.3	Remittances .....	11
3.4	Exchange Rate Movement.....	11
3.5	External Reserve .....	12
3.6	Balance of Payment .....	13
4	REAL SECTOR.....	14
4.1	Real Sector Indicators.....	14
4.2	Quantum Index of Industrial Production.....	14
4.3	Inflation.....	15

## List of Tables

Table	1.1	Revenue Earnings.....	04
Table	1.2	Grants.....	04
Table	1.3	Government Expenditure.....	05
Table	1.4	Budget Balance.....	07
Table	1.5	Deficit Financing .....	07
Table	1.6	Net sale and repayment of NSC.....	07
Table	2.1	Monetary and credit development.....	09
Table	2.2	Reserve money and money multiplier.....	09
Table	3.1	Export Performance.....	10
Table	3.2	Import Scenario.....	10
Table	3.3	Remittance Performance .....	11
Table	3.4	Exchange Rate Movements .....	12
Table	3.5	Foreign Exchange Reserve .....	12
Table	3.6	Balance of Payment .....	13
Table	4.1	Real sector indicators.....	14
Table	4.2	Quantum Index of Industrial Production .....	15
Table	4.3	Twelve-Month Average Inflation (National) .....	16

## List of Charts

Chart	1.1	Monthly Trend of Revenue earnings(FY15-FY17)	04
Chart	1.2	Monthly Trend of Current and Development Expenditures (FY 15-17)	05
Chart	1.3	Sector wise share of Non-Development expenditure (FY 17)	06
Chart	1.4	Sector wise share (%) of Development expenditure (FY17)	06
Chart	1.5	Outstanding borrowing of government through NSC	08
Chart	3.1	Monthly Trend of Exports	10
Chart	3.2	Monthly Trend of Imports Payment	11
Chart	3.3	Monthly Trend of Remittances	11
Chart	3.4	Period Average Exchange Rate Movements	12
Chart	3.5	Outstanding stock of Gross Foreign Exchange Reserve at the end of the month	13
Chart	4.1	GDP Growth Rate at current and constant prices (Base year 2005-06)	14
Chart	4.2	Quantum Index of Industrial Production (Base: 2005-06=100)	15
Chart	4.3	Trends of Point to Point Inflation (Base 2005-06=100)	16

## **Executive Summary**

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

### **Fiscal Sector**

Revenue earnings registered a satisfactory growth by the end of FY16. During July-March of FY17, total revenue collection increased by 19.57 percent compared to the same period of previous fiscal year. On the other hand, total government spending increased by 19.28 percent during the same period.

### **Monetary Sector**

Broad Money growth was 13.08 percent in the end of March of FY17 compared to the same month of the previous fiscal mainly due to 15.35 percent and 12.30 percent growth in Net Foreign Asset (NFA) and Net Domestic Asset (NDA) respectively. Reserve money growth in March of FY17 over March of FY16 was 18.98 percent.

### **External Sector**

Export earnings increased by 3.97 percent during July-March of FY17 compared to the same period of the previous fiscal. Similarly, import payments increased by 10.16 percent during the same period. Remittance receipt decreased by 16.86 percent during this period whereas, foreign exchange reserve stood at US\$ 32.2 billion in the end of March of FY17 which was equivalent to import payments of 8.3 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 March 2017 stood at 5.39 percent. On point-to-point basis, inflation was at the same 5.39 percent in March 2017, of which, food and non-food inflation were 6.89 percent and 3.18 percent respectively. There was a positive change in Quantum Index of Industrial Production, which was 271.9 in February 2016 and became 286.7 in February 2017.

## 1. FISCAL SECTOR

### 1.1 Revenue Earnings

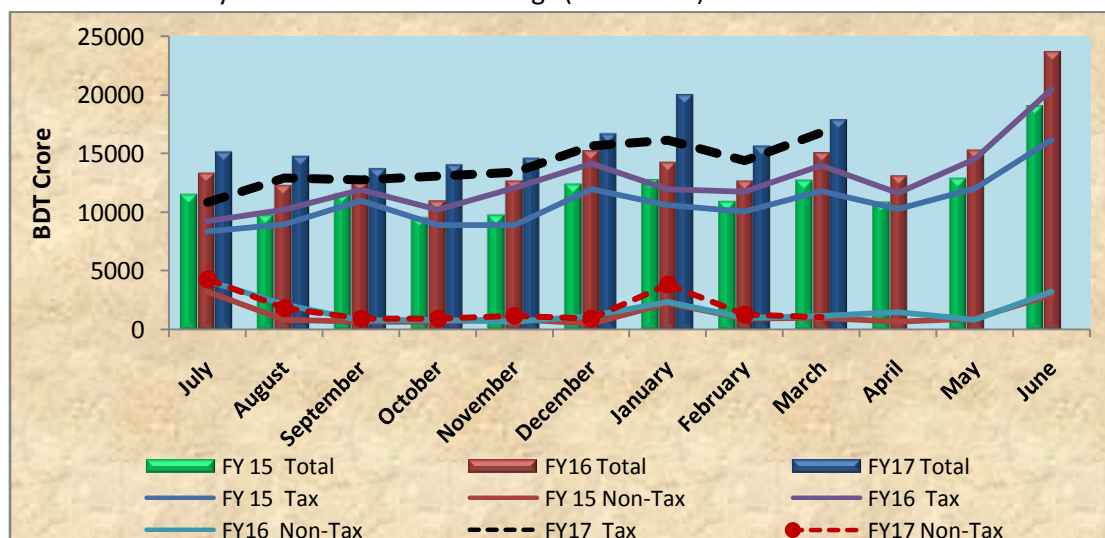
Total revenue earning increased by 19.53 percent during July-March of FY17 compared to the same period of FY16. Growth rates of Tax and Non-tax revenue during this period were 19.91 percent and 16.65 percent respectively.

Table 1.1: Revenue Earnings (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-March FY16	101211	4066	105277	14047	119325
July-March FY17	121919	4321	126240	16386	142627
Growth (%)	20.46	6.27	19.91	16.65	19.53

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–March of FY17, grant receipt decreased by 38.9 percent to TK. 244 Crore against TK. 398 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-March of FY 16
			July-March	July-March	
2484	1837	-26.05	398	244	-38.9

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

### 1.3 Government Expenditure

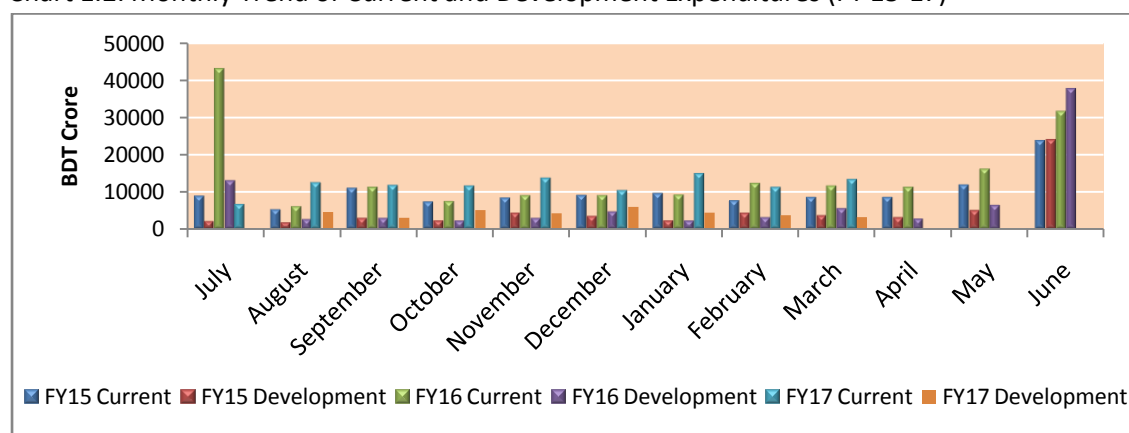
According to iBAS database, total government expenditure increased by 19.28 percent during July-March of FY17 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 16.34 percent within the same period. According to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 53,864 crore in the end of March of FY17, recording 24.42 percent 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-March FY16
				July-March	July-March	
<b>1. Current Spending</b>	<b>119116</b>	<b>143897</b>	<b>20.80</b>	<b>85092</b>	<b>104622</b>	<b>22.95</b>
Pay and Allowances	28818	39969	38.69	25010	32960	31.79
Goods and Services	16659	18288	9.78	9353	10613	13.47
Interest Payment	30974	33088	6.83	22000	23593	7.24
Domestic	29437	31466	6.89	20706	22057	6.53
Foreign	1537	1622	5.53	1295	1536	18.59
Subsidy and Transfer	42482	52325	23.17	28586	37352	30.67
Others	183	227	24.04	142	104	-27.02
<b>2. Food Accounts</b>	<b>2122</b>	<b>408</b>	<b>-80.77</b>	<b>3612</b>	<b>3978</b>	<b>10.12</b>
<b>3. Non-ADP Capital &amp; Net Lending</b>	<b>22764</b>	<b>14747</b>	<b>-35.22</b>	<b>7819</b>	<b>7380</b>	<b>-5.62</b>
Non-ADP Capital	10468	12387	18.33	8354	5028	-39.82
Net Lending	8994	1095	-87.83	-754	1987	-
Non-ADP Project	2346	138	-94.12	4	0	-
FFW	377	620	64.46	8	279	-
Development Expenditure under Revenue Budget	579	507	-12.44	207	87	-58.17
<b>4. Development Spending</b>	<b>64765</b>	<b>75419</b>	<b>16.45</b>	<b>28745</b>	<b>33442</b>	<b>16.34</b>
<b>Total (1+2+3+4)</b>	<b>208767</b>	<b>234471</b>	<b>12.31</b>	<b>125268</b>	<b>149421</b>	<b>19.28</b>
<b>Total Spending (Percent of GDP)</b>	<b>13.77</b>	<b>13.53</b>	<b>-1.76</b>	<b>7.23</b>	<b>7.64</b>	

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

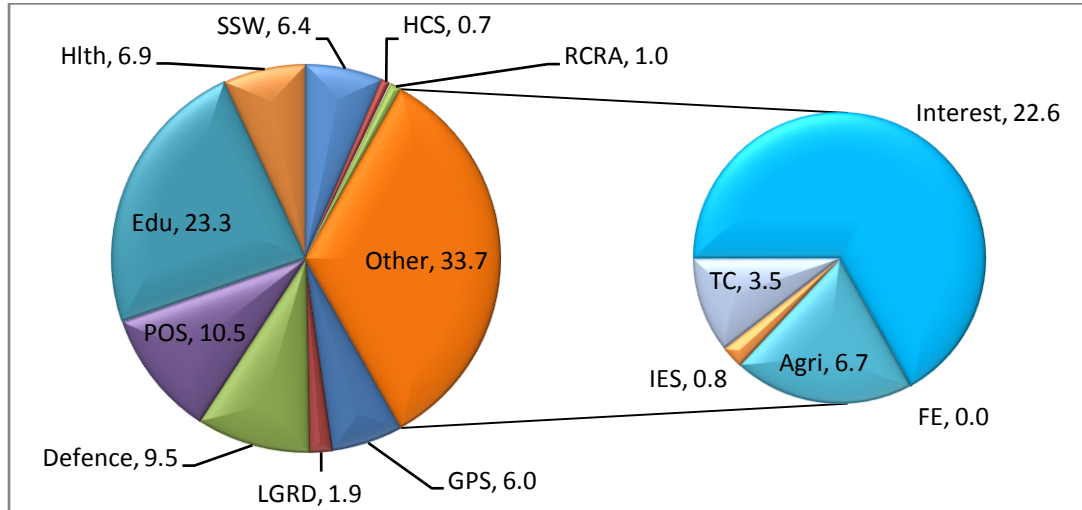
Chart 1.2: Monthly Trend of Current and Development Expenditures (FY 15-17)



**1.4 Composition of Revenue Expenditure**

As on March of FY17, spending on education is the highest (23.3%) followed by interest payment (22.6%) (Chart 1.3).

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

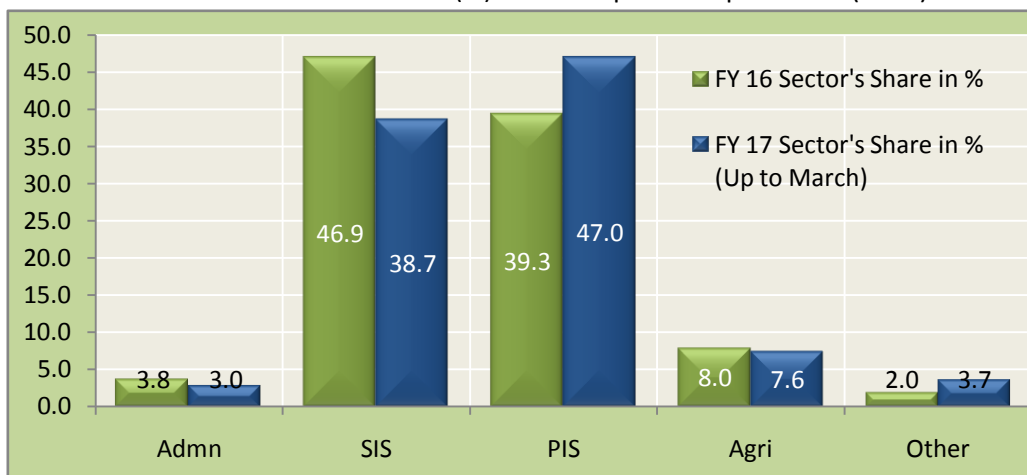


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

**1.5 Composition of ADP Expenditure**

Up to March FY17, Sector wise analysis of development expenditure shows that highest share of spending went to Physical Infrastructure (47.0%) followed by Social Infrastructure (38.7%).

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-March of FY17 records a deficit of BDT 7207 crore against a deficit of BDT 2560 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-Mar FY16	-5943	-0.34
July-Mar FY17	-6795	-0.35

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 855 crore during July-March 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- Mar FY16	2359	-5708	9290	5942	0.34
July- Mar FY17	2510	-16402	20689	6797	0.35

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

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

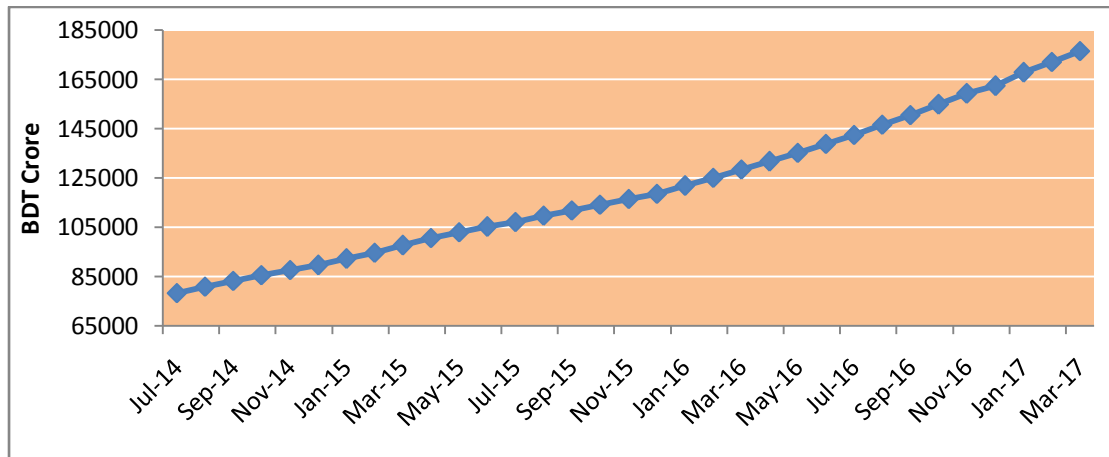
The sale of NSC during July-March of FY17 stood at Tk. 53687.97 crore, which was 40.59 percent higher than that of the same period of the previous year. As a result, net borrowing through NSC stood at Tk. 37648.42 crore by the end of March 2017 (table 1.6).

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- March FY 16	38188.67	15000.41	23188.26	128318.4
July- March FY 17	53687.97	16039.55	37648.42	176467.16
Growth (%)	40.59	6.93	62.36	37.52

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 13.08 percent (y-o-y) in March 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 15.35 and 12.30 percent increase respectively. As of March 2017 (Year to year basis), despite negative growth in public sector credit (-8.93 percent) private sector credit expanded remarkably (16.06 percent) that contributed to 12.18 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	Mar FY 16	Mar FY 17	Mar FY17 Over Jun FY16	Mar FY17 over Mar FY16	Mar FY17 Over Jun FY16	Mar FY17 over Mar FY16
<b>Net Foreign Assets(NFA)</b>	1892.3	2331.4	2203.3	2541.5	210.1	338.2	9.01	15.35
<b>Net Domestic Asset(NDA)</b>	5983.9	6832.4	6328.6	7106.8	274.3	778.2	4.02	12.30
Domestic Credit	7015.3	8012.8	7534.9	8452.4	439.6	917.5	5.49	12.18
Public Sector	1269.3	1302.7	1170.5	1066.0	-236.7	-104.5	-18.17	-8.93
Govt (Net)	1102.6	1142.2	997.8	903.1	-239.1	-94.7	-20.93	-9.49
Other Public Sector	166.7	160.5	172.7	162.9	2.4	-9.8	1.48	-5.69
Private sector	5746.0	6710.1	6364.4	7386.4	676.3	1022.0	10.08	16.06
Net Other Item	-1031.4	-1180.4	-1206.3	-1345.6	-165.3	-139.3	14.00	11.55
<b>Broad Money</b>	<b>7876.1</b>	<b>9163.8</b>	<b>8531.8</b>	<b>9648.2</b>	<b>484.5</b>	<b>1116.4</b>	<b>+5.29</b>	<b>+13.08</b>

Source: Monthly Economic Trends, Bangladesh Bank

### 2.2 Reserve money Developments

Reserve money recorded an increase of 18.98 percent at the end of March 2017 over the same period of previous fiscal year (table 2.2). At the same time, the value of reserve money multiplier increased to 5.01 at the end of March 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	March 2017	March 2017 over June 2016(%)	March 2017 over March 2015 (%)
<b>Reserve money</b>	1484.83	1932.01	1926.13	-5.88 (-0.30)	307.31(+18.98)
<b>Money multiplier</b>	5.30	4.74	5.01	0.27	-0.26

Source: Bangladesh Bank.

### 3. EXTERNAL SECTOR

#### 3.1 Exports

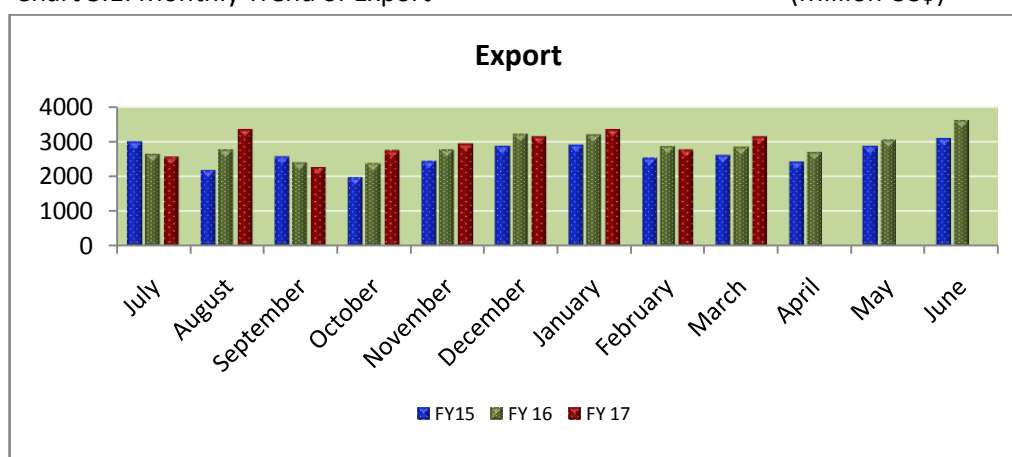
Exports earning increased by 9.77 percent and stood at US\$ 34257.18 million during FY16 compared with the same period of last fiscal year (Table 3.1). During July-March of FY 17, export increased by (year on year basis) 3.97 percent, which was 8.95 percent in the same period of the previous fiscal year.

Table 3.1: Export Performance (Million US\$)

	FY 15	FY 16	July-March FY 17	July-March FY 16
<b>Export</b>	31208.94	34257.18	25946.02	24955.17
<b>Growth (%)*</b>	3.39	9.77	3.97	8.95

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)

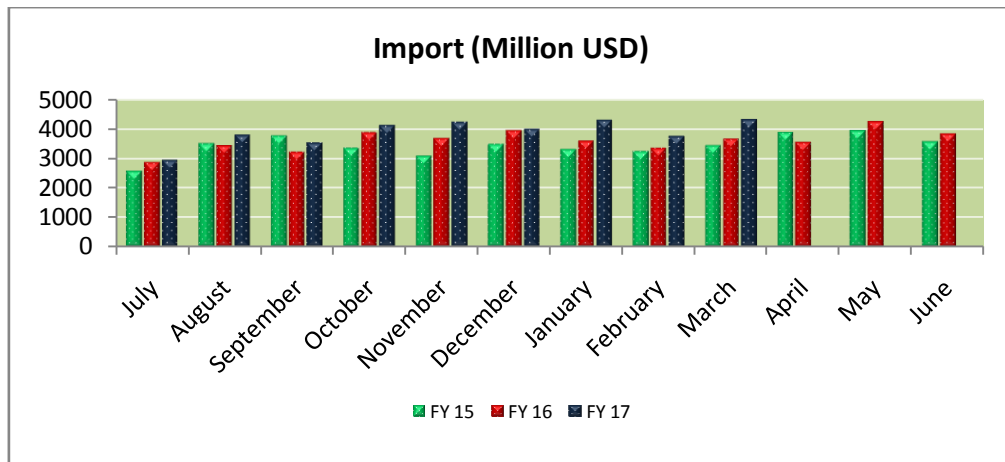
Up to March of FY17, imports payment increased by 11.07 percent compared to the same period of the previous fiscal year. Similarly, import LCs opened and settlement increased by 13.00 percent and 11.30 percent respectively in the same period (Table 3.2).

Table 3.2: Import Scenario (Million US\$)

Period	FY 15	FY 16*	FY 17 (up to March)	FY 17 March
<b>Imports payment</b>	40703.70	43058.2	34983.6	4301.7
<b>Growth (%)</b>	0.21	5.78	11.07	18.69
<b>LCs Opened</b>	43068.76	43335.33	35670.09	4430.74
<b>Growth (%)</b>	2.99	0.62	13.00	11.08
<b>LCs Settled</b>	38455.24	40076.20	33635.67	3790.07
<b>Growth(%)</b>	3.41	4.22	11.30	12.61

\*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

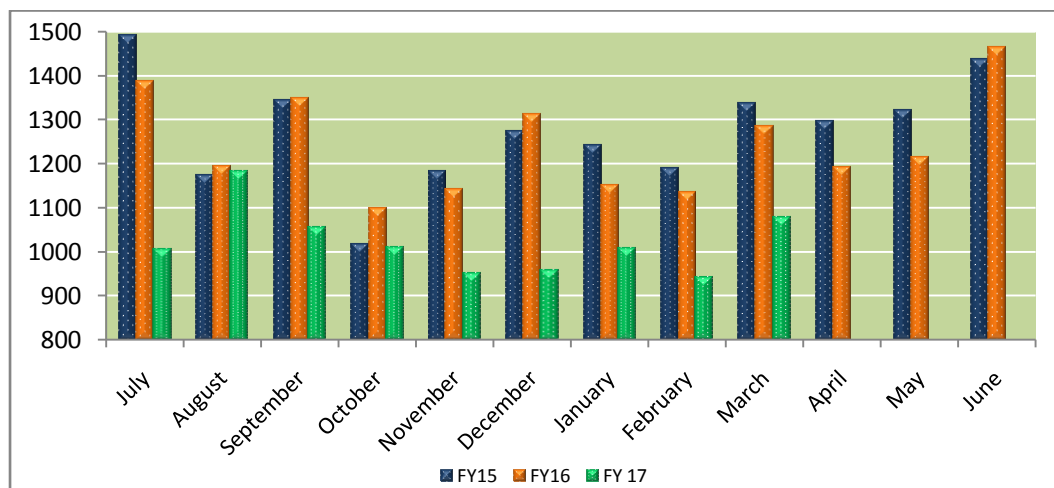
Remittance inflow decreased by 16.86 percent during July-March of FY17 compared to the same period of the previous fiscal year.

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

	FY 15	FY 16	FY 17 Up to March	FY 17 March
Remittances	15316.9	14931.16	9194.5	1077.44
Growth (%)	7.65	-2.52	-16.86	-16.19
As % of GDP	7.85	6.74	3.70	0.43
As % of Export	49.08	43.58	35.44	34.65

Source: Bangladesh Bank

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



Source: Bangladesh Bank

### 3.4 Exchange Rate Movements

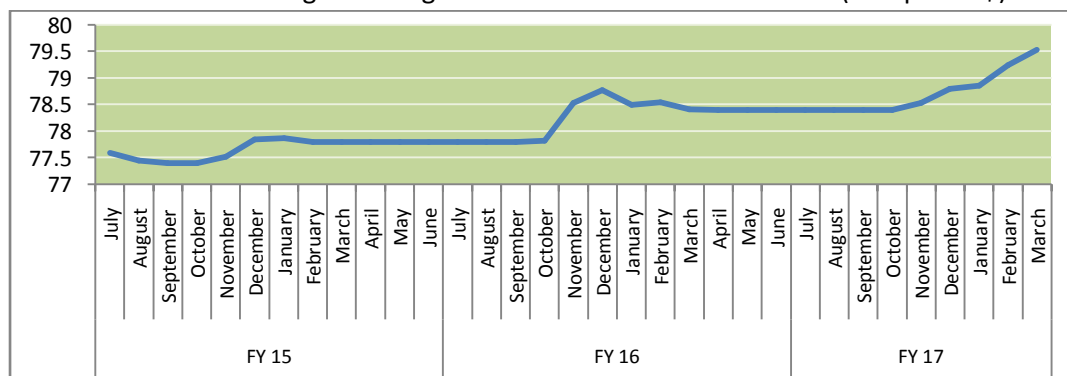
BDT depreciated by 1.43 percent against US dollar from its level of end June 2016 at the end of March 2016.

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
<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

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\$ 32215.19 million at the end of March of FY 17 from US\$ 32556.66 million in the previous month. The gross foreign exchange reserve at the end of March of FY17 is equivalent to import payments of 8.3 months.

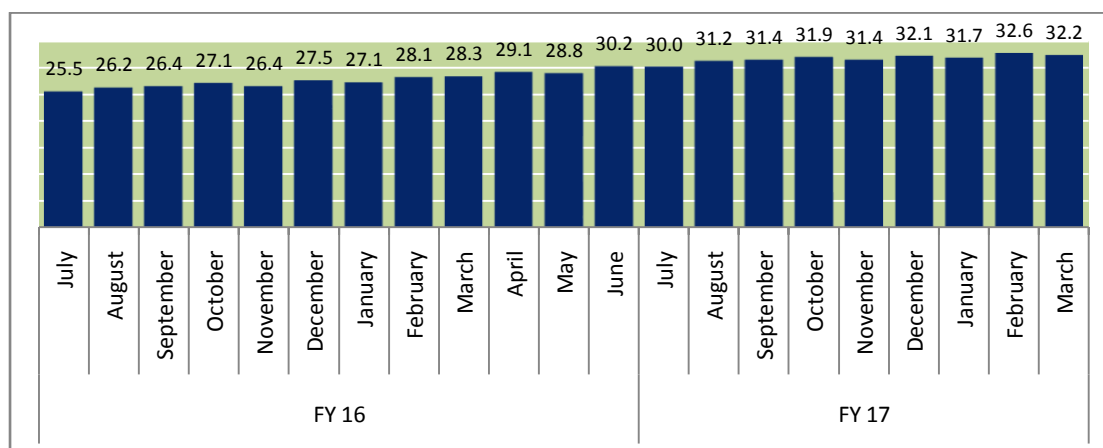
Table 3.5: Foreign Exchange Reserve (Million US\$)

	FY 14	FY 15	FY 16	As end of March FY 17

Reserve	21508.0	25025.50	30168.22	32215.19
In month of import payment	5.89	6.65	8.4	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 Payment

The country's trade deficit increased to US\$ 7038 million in March of FY17 from US\$ 4792 million in the corresponding period of the FY16, which contributed to create a deficit in current account balance by US\$ 1382 million during July-March of FY 17 from a surplus of US\$ 3355 million in the corresponding period of the previous fiscal year. However, surplus in both capital and financial account resulted in a surplus of US\$ 2598 million in overall balances during July-March 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-March)	2015-16 (July-March)
Trade Balance	-6965	-6274	-7038	-4792
Current Account Balance	2875	3706	-1382	3355
Capital Account	496	478	199	364
Financial Account	1925	1610	3248	761
Overall Balance	4373	5036	2598	3533

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

## 4. REAL SECTOR

### 4.1 Real Sector Indicators

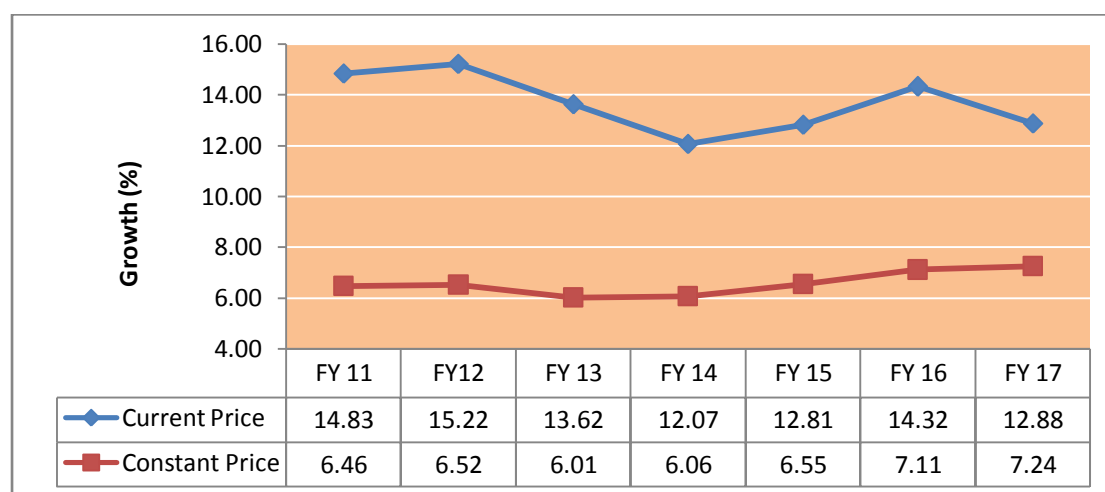
According to the provisional data of Bangladesh Bureau of Statistics (BBS), real GDP growth and per capita GNI is estimated at 7.24 percent (Base year 2005-06) and US\$ 1602 respectively.

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

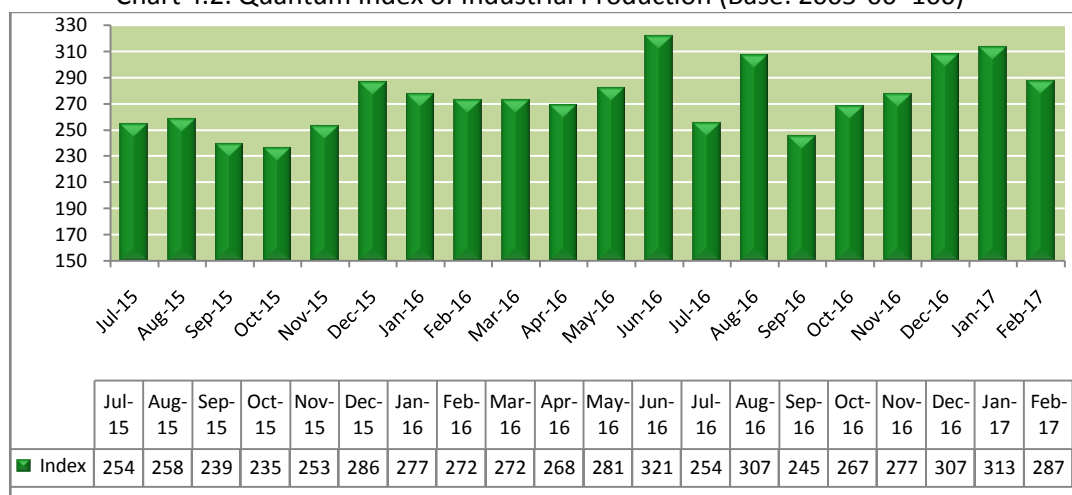
Quantum Index of Industrial Production increased by 5.4 percent and became 286.7 in February 2017 from the same month of the previous fiscal year (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 13.5 percent in FY 16, which 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 5.39 percent in March of FY 2016-17, of which food and non-food inflation were 5.20 percent and 5.67 percent, respectively. On the other hand, point-to-point inflation stood at 5.39 percent in the same month, of which, food and non-food inflation were 6.89 percent and 3.18 percent, respectively (Chart 4.3).

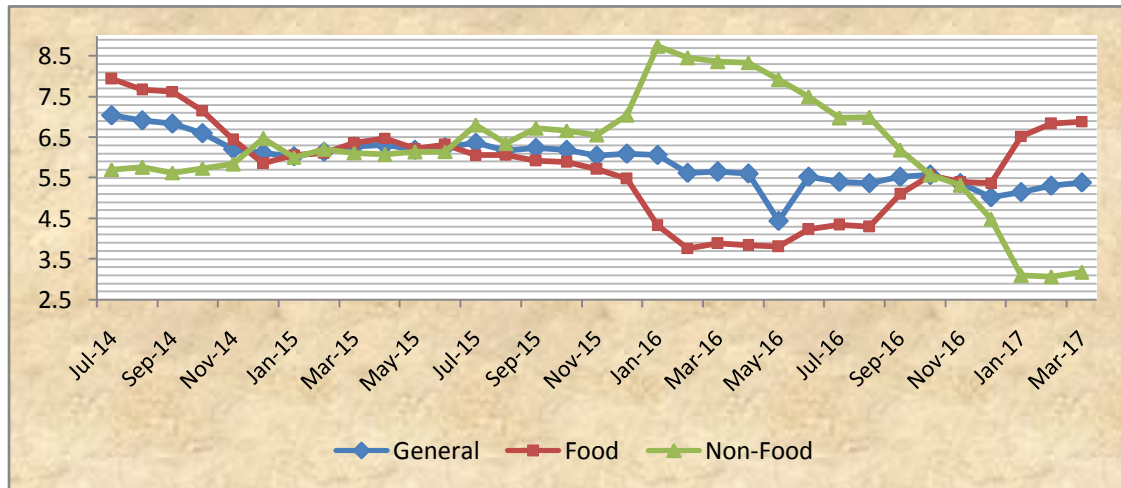
Table-4.3 Twelve-Months Average Inflation (National) (Base 2005-06)

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

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics