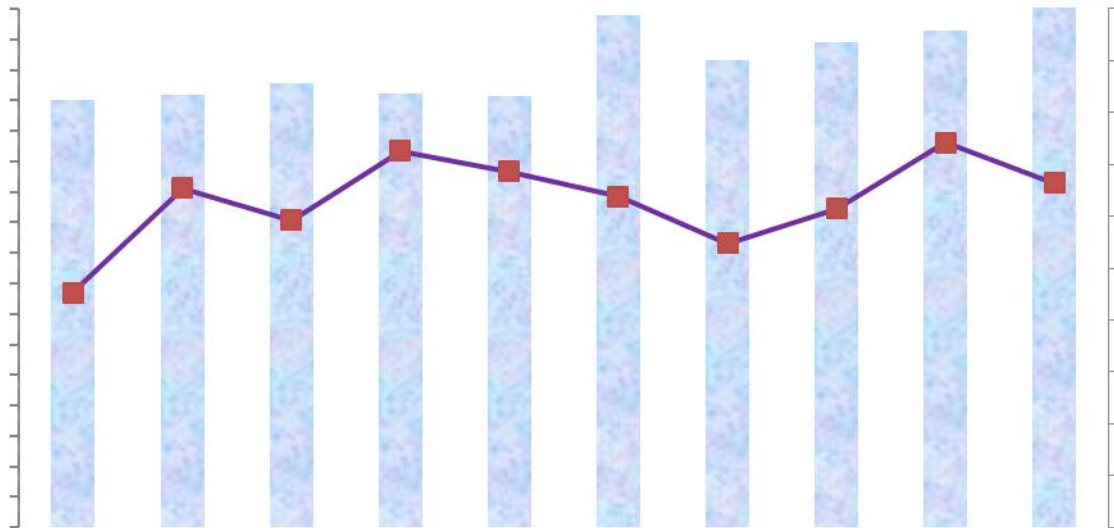




MONTHLY REPORT ON FISCAL-MACRO POSITION

December, 2012



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Vol. VI, No. 6, December 2012, FY13

As on May 21, 2013

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Executive Summary

The December issue of the report on Fiscal-Macro position contains relevant data and analysis regarding the movements of major macroeconomic variables with reference to the current month as well as the same period of the previous year. A rundown of the report on the basis of four sector analysis is given below:

Fiscal Sector

Government revenue earnings posted notable growth by the end of the first six months of FY13. In December, 2012 total revenue earnings grew by 16 percent compared to the same period of previous fiscal year. During the same period, total government spending grew by 4.06 percent.

Monetary Sector

Broad Money supply increased by 19.01 percent in December 2012 compared to the same period of previous year mainly due to 14.6 percent growth in domestic credit. Reserve money growth during this period was 15.63 percent.

External Sector

Total export receipts during July-December of FY13 increased by USD 823.2 million to USD 12599.75 million achieving 7.01 percent growth over that of the corresponding period of the previous fiscal year. Import payments in December, 2012 declined by US\$ 340.6 million or 11.07 percent to US\$ 2569.9 million, against US\$ 2910.5 million in December 2011. Fresh opening of import LCs in this period increased by 13.94 percent. The growth in remittance earning was 21.9 percent in December 2012 resulting in an increase in foreign exchange reserve to US\$ 12750.58 million that is equivalent to import payments for 4.96 months.

Real Sector

Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 598.74 in December 2011 and became 681.43 in December 2012. In December 2012, the rate of inflation (national) on point-to-point basis was 7.69 percent, of which, food and non-food inflation were 7.33 percent and 8.43 percent respectively.

1. FISCAL SECTOR

1.1 Revenue Earnings

Continuing with last year's trend, total revenue earnings grew by 15.93 percent during July-December period of FY13 compared to the same period of last fiscal year (table 1.1). Growth in non-tax revenue was comparatively high (around 18 percent) over the same period of the previous year.

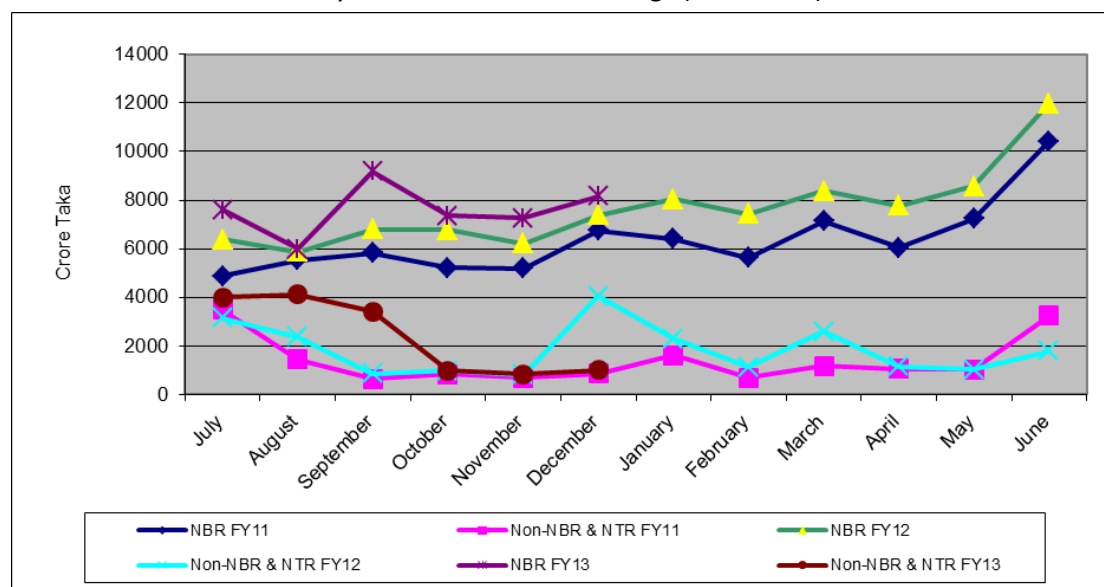
Table 1.1: Revenue Earning

(Taka in Crore)

	Tax Revenue		Non-Tax Revenue	Total Revenue
	NBR	Non-NBR		
2010-11	76248.3	3299.9	13444.7	92992.9
2011-12	91596	3633	18550	113779
Growth (%)	20.1	10.1	38	22.4
July to December, FY12	39426	1617	10612	51655
July to December, FY13	45547	1843	12492	59882
Growth(%) over July to December, FY12	15.53	13.98	17.72	15.93

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

Chart 1.1: Monthly Trend of Revenue earnings (FY11-FY13)



1.2 Grants

Grants receipts recorded a notable increase of 45.3 percent in FY 12 compared to FY11. Total grant receipt decreased by 61.5 percent to TK. 325 crore during July-December of FY13 against TK. 843 crore over the corresponding period of the last fiscal year (table 1.2).

Table 1.2: Grants

(Taka in crore)

2010-11	2011-12	Growth (%)	2011-12	2012-13	Growth (%) over July to December, FY12
			July to December	July to December	
2450	3560	45.3	843	325	-61.5

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

1.3 Government Expenditure

Total government expenditure, comprising of current and ADP expenditure, increased by 4.06 percent during July-December period of FY13 compared to the same period of previous fiscal year. According to iBAS database, development spending grew by 21.31 percent in December 2012 compared to December 2011 (table-1.3). The current spending, on the other hand grew by 14 percent in December 2012 compared to the corresponding month of 2011. Of current spending, spending on subsidies and current transfer and interest payment grew at a high rate of 9.41 percent and 33.58 percent respectively. Spending on goods and services also increased by 14.79 percent. As percentage of GDP, government expenditure stood at 6.13 percent during July-December of FY13, slightly decreasing from 6.71 percent over the same period of FY12. It may be noted that, as per Implementation, Monitoring and Evaluation Division (IMED) report of Planning Ministry, ADP expenditure stood at TK. 16439 Crore during July-December of FY13, recording 29.34 percent increase as compared to the same period of the last fiscal.

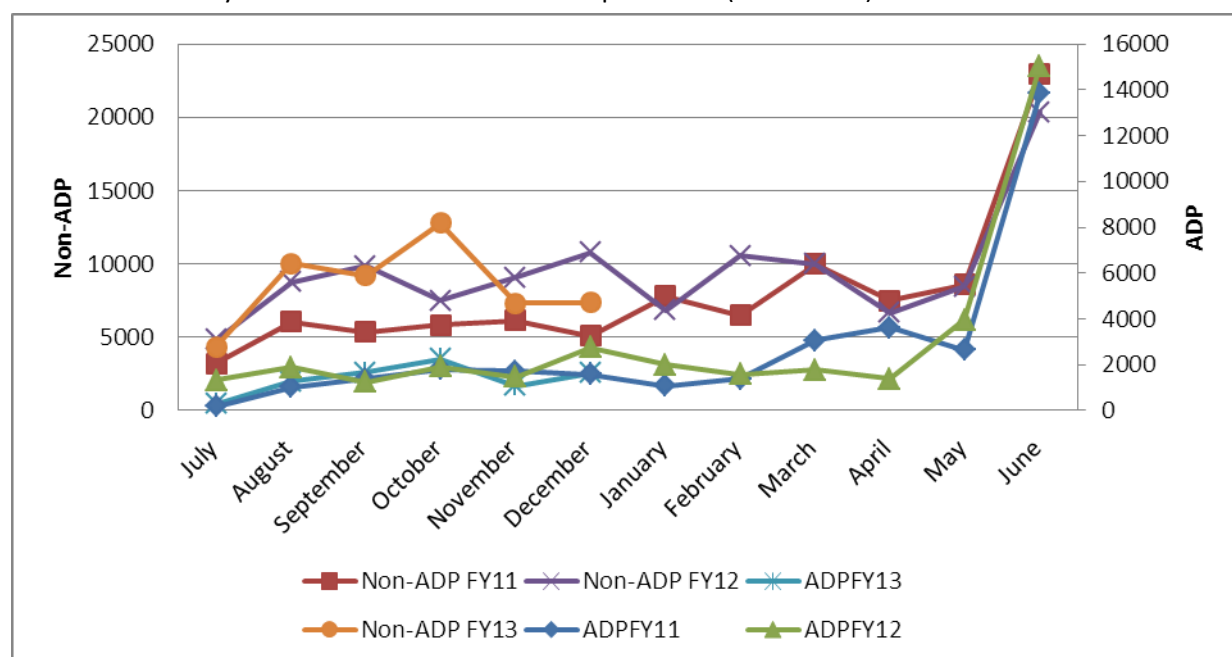
Table 1.3: Government Expenditures

(Taka in crore)

	2010-11	2011-12	Growth	2011-12	2012-13	Growth (%) over July to December, FY12
				July to December	July to December	
1. Current Spending	77479	88222	13.9	37379	42564	13.87
Pay and Allowances	19918	20877	4.8	10896	11411	4.73
Goods and Services	10160	10772	6	3280	3765	14.79
Interest Payment	15637	20137	28.8	8290	11074	33.58
Domestic	14214	18589	30.8	7783	10198	31.03
Foreign	1423	1548	8.8	506	876	73.12
Subsidy and Transfer	31483	36259	15.2	14844	16241	9.41
Others	281	177	-37	69	73	5.80
2. Food Accounts	2383	1233	-48.3	4381	2588	-40.93
3. Non-ADP Capital & Spending	15132	24191	59.9	9058	5906	-34.80
Non-ADP Capital	5390	6963	29.2	2992	1518	-49.26
Net Lending	7256	14060	93.8	5920	4210	-28.89
Non-ADP Project	866	1465	69.2	35	137	291.43
FFW	719	1144	59.1	27	0	-
Structural Adjustment	37	0	-100	0	0	-
Development Expenditure under Revenue Budget	864	559	-35.3	84	41	-51.19
4. Development Spending	33282	36269	9	10557	12807	21.31
Total (1+2+3+4)	128276	149915	16.9	61375	63865	4.06
Total Spending (Percent of GDP)	16.3	16.4		6.71	6.13	

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

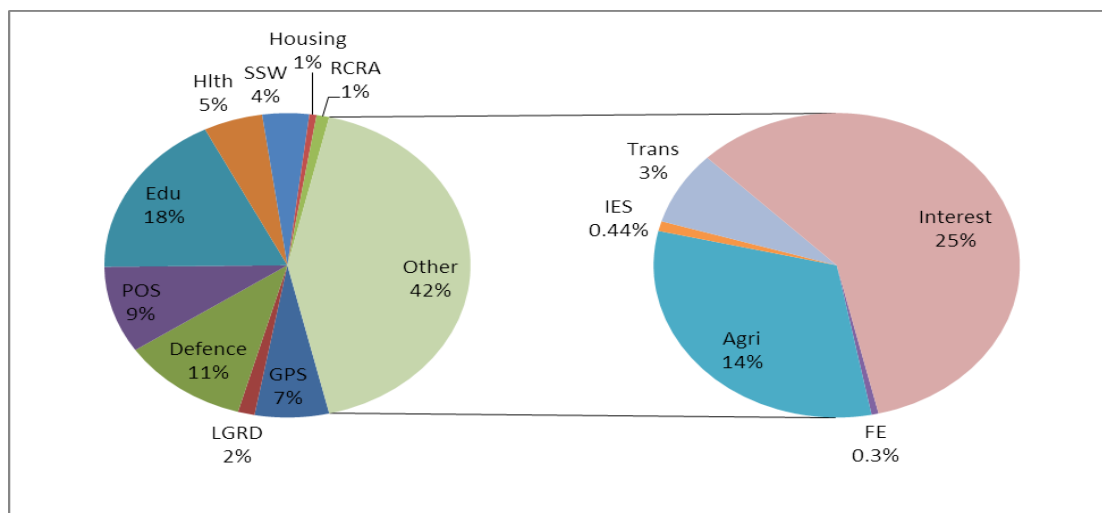
Chart 1.2: Monthly Trend of ADP and Non-ADP Expenditure (FY 11-FY13)



1.4 Structure of Revenue Expenditure

Sector wise analysis of revenue expenditure (July to December, FY13) shows (chart 1.3) that highest expenditure was in Interest payment (25%) followed by Education and Technology sector (18%) and agriculture sector (14%).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July to December, FY 13)

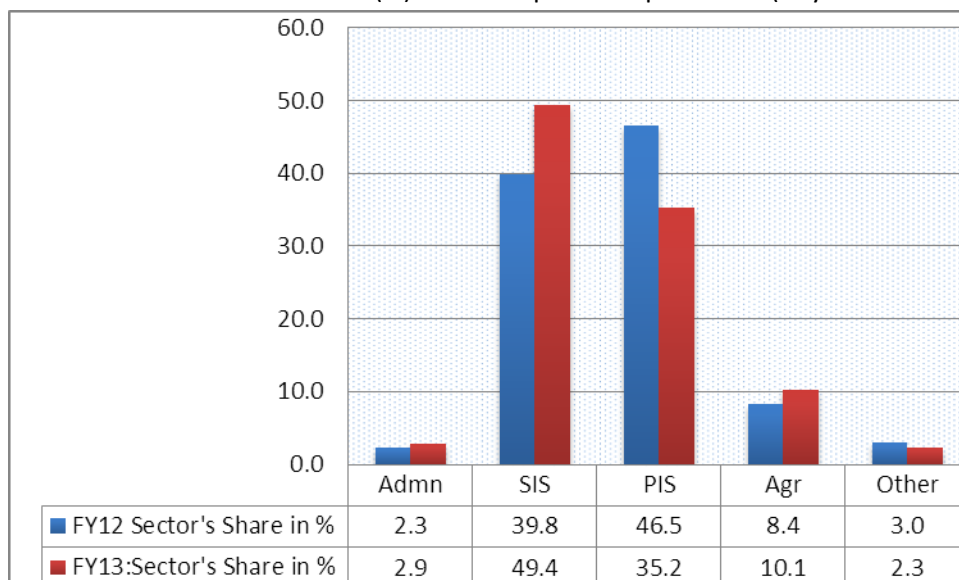


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, Hlth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

1.5 Structure of ADP Expenditure

Sector wise analysis of ADP expenditure shows that, during July- December of FY13, highest share goes to Social Infrastructure (49.4%) followed by expenditure on Physical Infrastructure (35.4%) and Agricultural sector (10.1%).

Chart 1.4: Sector wise share (%) of Development expenditure (July to December, FY13)



Admn = General Public Services, Defence, 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 at the end of FY12 stood at 4.0 percent of GDP. First six months (July-December) of current FY13 started with a consolidation in overall deficit balance, which stood at 0.38 percent of GDP, which was 1.06 percent (table 1.4) over the same period of FY12.

Table 1.4: Budget Balance (Taka in crore)

Year	Overall Balance	Overall Balance as % of GDP
2010-11	-35281	-4.5
2011-12	-36136	-4.0
July- December, FY12	-9719	-1.06
July- December, FY13	-3982	-0.38

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

1.7 Deficit Financing

Budget deficit was mainly financed by domestic bank borrowings during FY11 and FY12. Bank borrowing was 71.4 percent of total deficit financing in FY 11 which increased to 75.2 percent in FY12 (table 1.5). In the current fiscal (FY13), during the period of July - December, share of external financing has gone up compared to the same period of the previous fiscal. Bank borrowing has declined during this period.

Table 1.5: Deficit Financing (In Crore Taka)

	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2010-11	5081	25210	4994	35285	4.5
2011-12	5956	27191	2990	36137	4.0
July- December, FY12	-350	17425	-7355	9720	1.06
July- December, FY13	1702	8377	-6096	3983	0.38

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

1.8 Net Sales of NSD Certificates

Sale of NSD certificate during December 2012 stood at Tk.1646.41 crore which is 44.3 per cent higher than the amount of sale in the same period of the preceding year (table 1.6). However, the net borrowing of the government through NSD certificates during December 2012 has decreased by Taka 207.9 crore.

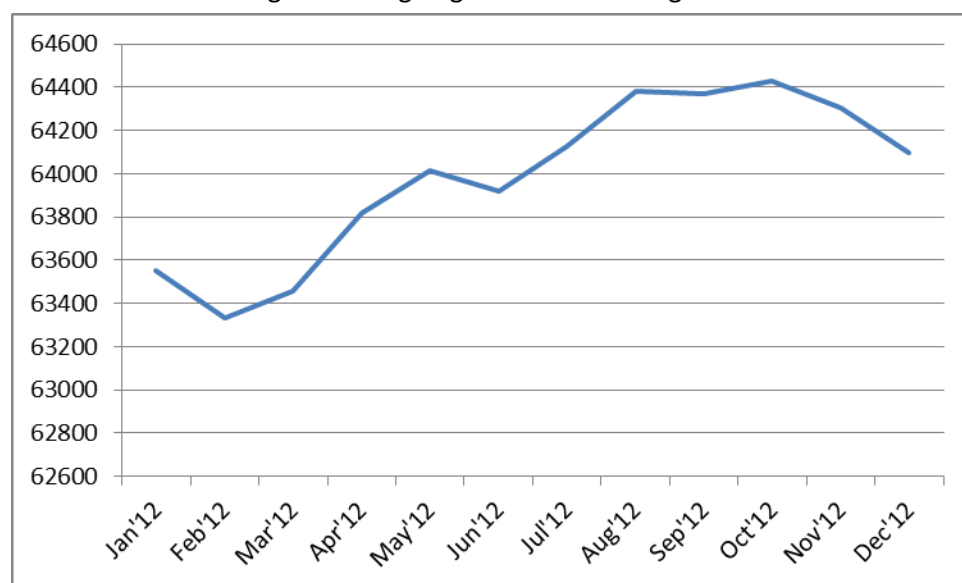
Table 1.6 Net Sales of NSD Certificates

(Taka in crore)

	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2010-11	17232.03	15175.13	2056.90	63438.32
2011-12	18955.35	18476.33	479.02	63917.34
Growth (%)	10.00	21.75	-76.71	0.76
2012-13				
December	1646.41	1854.32	-207.91	64094.76
July-December, 2012	11558.40	11380.98	177.42	64094.76
Growth (%)	+44.31	+48.28	-46.88	+0.51

Source: National Savings Directorate

Chart 1.5: Outstanding borrowing of government through NSD



2. MONETARY SECTOR

2.1 Monetary and credit development

Broad money (M2) growth in December, 2012 was 19.0 percent (table 2.1) compared to the same period of previous year. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 48.6 and 14.2 percent increase respectively. During the month, domestic credit expanded remarkably (14.6 percent), due to growth of credit to private sector (16.6 percent).

Table-2.1 Monetary and credit development

(In Crore Taka)

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June,2011	June, 2012	December, 2012	July – December, 2012	December,2012 over December, 2011
Net Foreign Assets of Banking System	70620.0	78860.3	99360.8	20500.5 (26.0)	32489.1 (48.6)
Net Domestic Assets of Banking System	369899.9	438249.2	466545.2	28296.0 (6.5)	57920.0 (14.2)
Domestic Credit	433525.9	518214.3	551611.8	33276.4 (6.4)	70072.90 (14.6)
Public Sector	92813.2	110312.7	118719.6	8285.8 (7.5)	8423.3 (7.6)
Govt. (net)	73436.1	91906.8	97192.8	5164.9 (5.6)	6197.0 (6.8)
Other Public Sector	19377.1	18405.9	21526.8	3120.9 (16.9)	2226.3 (11.5)
Private Sector	340712.7	407901.6	432892.2	24990.6 (6.1)	61649.6 (16.6)
Net other items	-63626.0	-79965.1	-85066.6	-4980.4 (6.2)	12152.9 (16.7)
Broad Money	440519.9	517109.5	565906.0	48796.5 (9.4)	90409.1 (19.0)

Source: Bangladesh Bank, Note: Figure in brackets indicate percentage changes

2.2 Reserve money and money multiplier

Reserve money grew by 15.6 percent in December 2012 (table 2.2) compared to the same period of previous year.

Table 2.2: Reserve money and money multiplier

	Outstanding Stock at the end of period			Change in Outstanding Stock	
	2010-11	2011-12	2012-13 (December)	July-Dec, 2012	December,2012 over December, 2011
Reserve money	89734.4	97802.7	106994.5	9191.8 (9.4%)	14459.5 (15.6%)
Reserve money multiplier	4.91	5.29	5.29	0.00	0.15

Source: Bangladesh Bank.

3. EXTERNAL SECTOR

3.1 Export and its Components

Total export receipts during July-December of FY13 increased by USD 825.13 million to USD 12599.73 million achieving 7.01 percent growth over that of the corresponding period of the previous fiscal. During this period Knitwear (39.49 per cent) was the largest contributor to the export growth followed by the Woven Garments (39.45 per cent), together they contributed around 78.94 percent of total export.

Table 3.1: Export Performance

(In million US\$)

	2010-11	2011-12	2012-13	
			December	July- December
Export	22928.2	24287.6	2466.16	12599.73
Growth (%)*	41.5	5.9	19.44	7.01

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

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

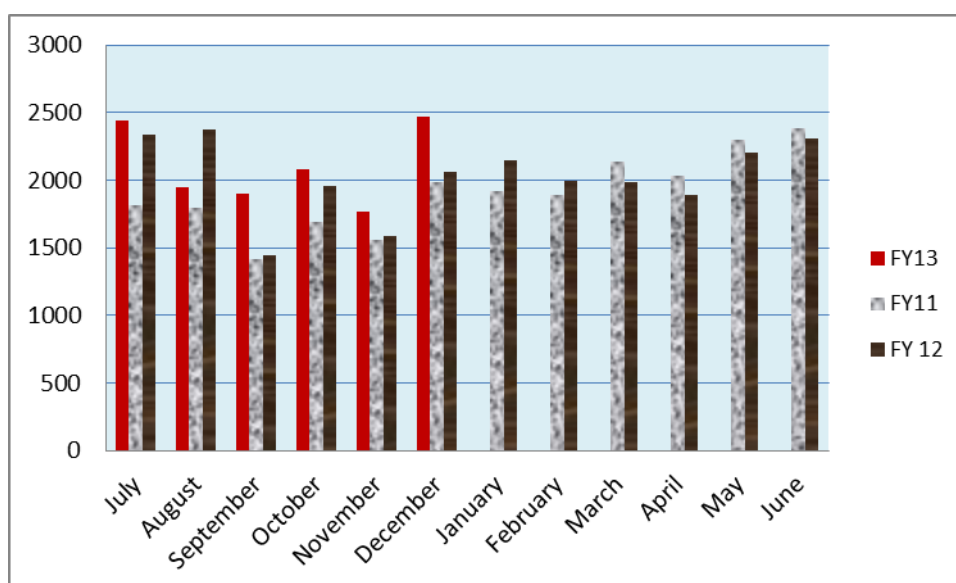
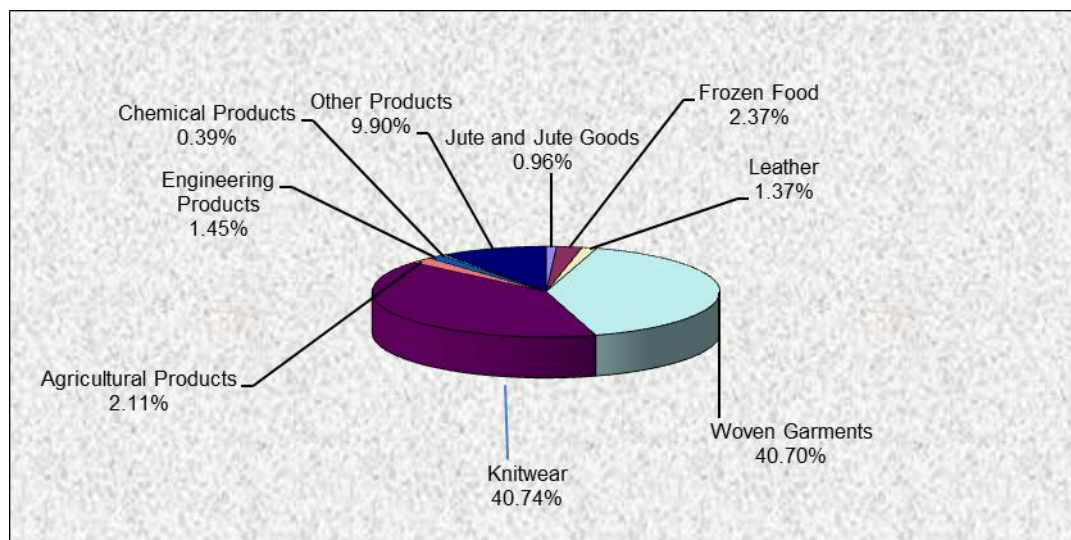


Chart 3.2: Structure of Exports (July-December, FY13)



3.2 Imports (c & f)

Import payments in December, 2012 declined by US\$ 340.6 million or 11.7 percent to US\$ 2569.9 million, against US\$ 2910.5 million in December 2011. Fresh opening of import LCs and LC's settled in this period also decreased.

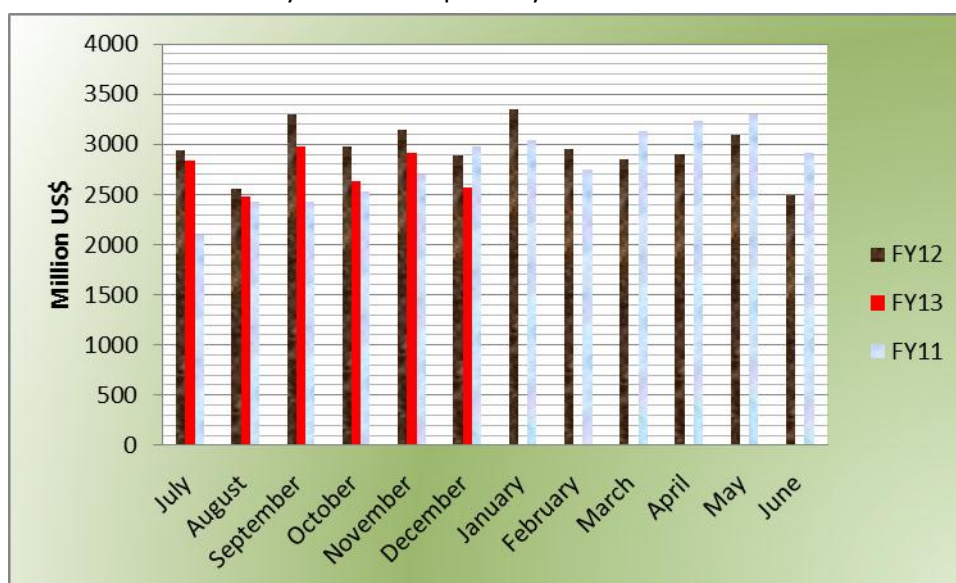
Table 3.2: Import Scenario

(In million US\$)

	2010-11	2011-12	2012-13	
			December	July- December
Import payments	33657.5	35516.3	2569.90	16442.20
Growth (%)	41.8	5.5	-11.07	-7.6
LCs Opened	38582.3	37035.8	2854.51	17054.27
Growth (%)	34.0	-4.0	13.9	-6.4
LCs Settled	31953.1	34814.5	2603.72	15949.14
Growth (%)	38.6	8.9	4.73	-10.7

Source: Bangladesh Bank. Growth rate (in percent) over the same period of the previous fiscal year/month.

Chart 3.3: Monthly Trend of Import Payments



3.3 Remittances

Remittances in December 2012 stood at USD 1282.47 million indicating 11.8 percent growth against December 2011. The respective growth was healthy 21.9 percent during July-December of FY13 compared to the corresponding period of the previous fiscal.

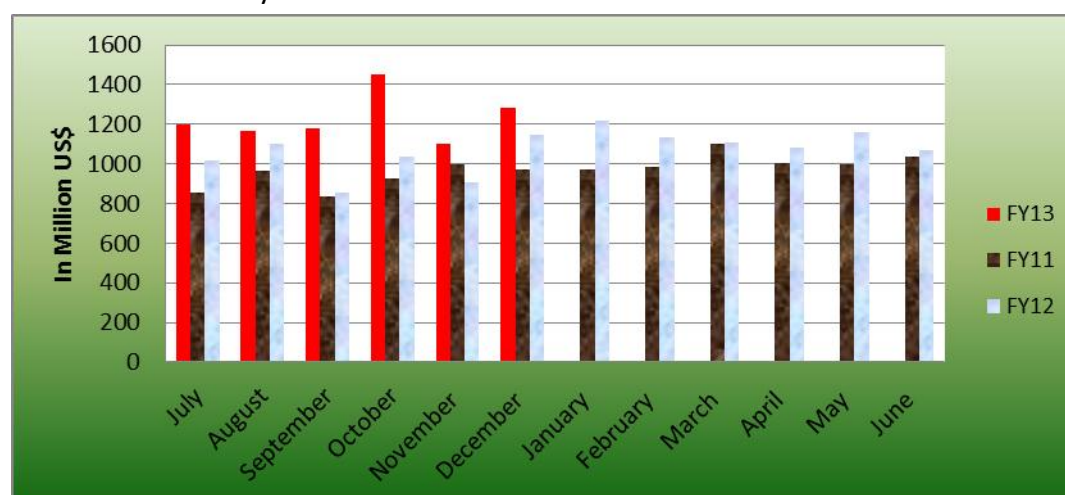
Table-3.3: Remittance Performance

(In million US\$)

	2010-11	2011-12	2012-13	
			December	July- December
Remittances	11650.32	12843.4	1282.47	7396.94
Growth (%)	6.0	10.2	11.8	21.9
As % of GDP	10.4	11.1	-	-
As % of Export	50.8	52.8	52.0	58.7

Source: Bangladesh Bank and EPB

Chart 3.4: Monthly Trend of Remittances



3.4 Exchange Rate Movements

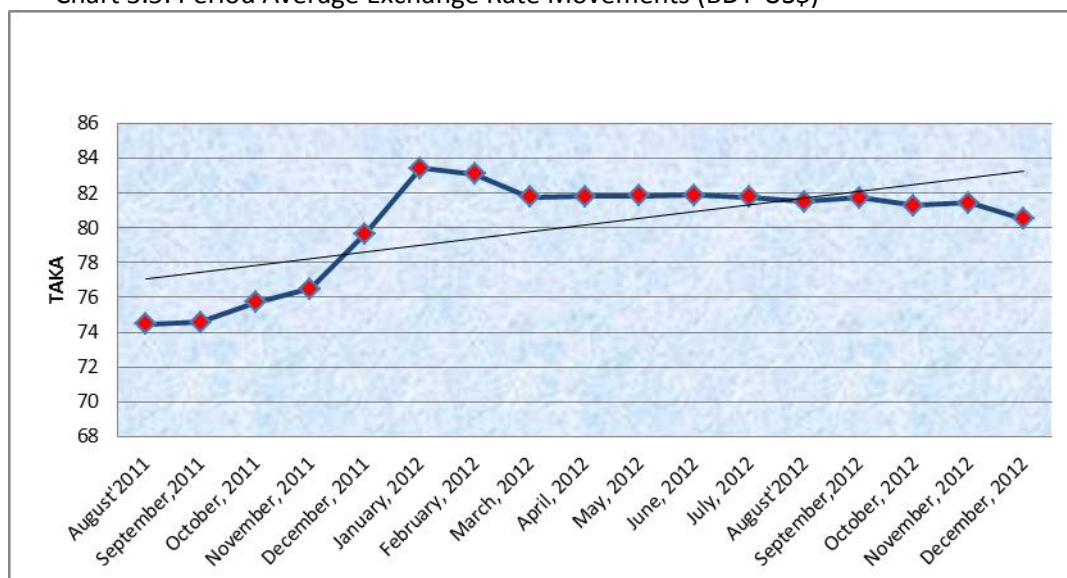
The exchange rate movement (monthly average) from August 2011 to December 2012 has been shown in Chart 3.5 (BDT against USD). Exchange rate of Taka per USD remains market based and volatility is reduced since March 2012. However, at the end of December 2012, Taka has appreciated by 0.70 percent from its level at the end of December 2012 mainly due to reasonable growth in remittance, foreign aid and low pressure on imports.

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

	Average	End of the period
2008-09	68.80	69.06
2009-10	69.18	69.445
2010-11	71.17	74.15
2011-12	79.10	81.87
2012-13		
July	81.77	81.70
August	81.52	81.71
September	81.72	81.64
October	81.31	81.21
November	81.45	81.38
December	80.53	79.75

Source: Bangladesh Bank

Chart 3.5: Period Average Exchange Rate Movements (BDT-US\$)



3.5 External Reserve

The gross foreign reserves (with ACU liability of USD 589.14 million) increased substantially and stood at USD 12750.58 million by the end of December 2012,

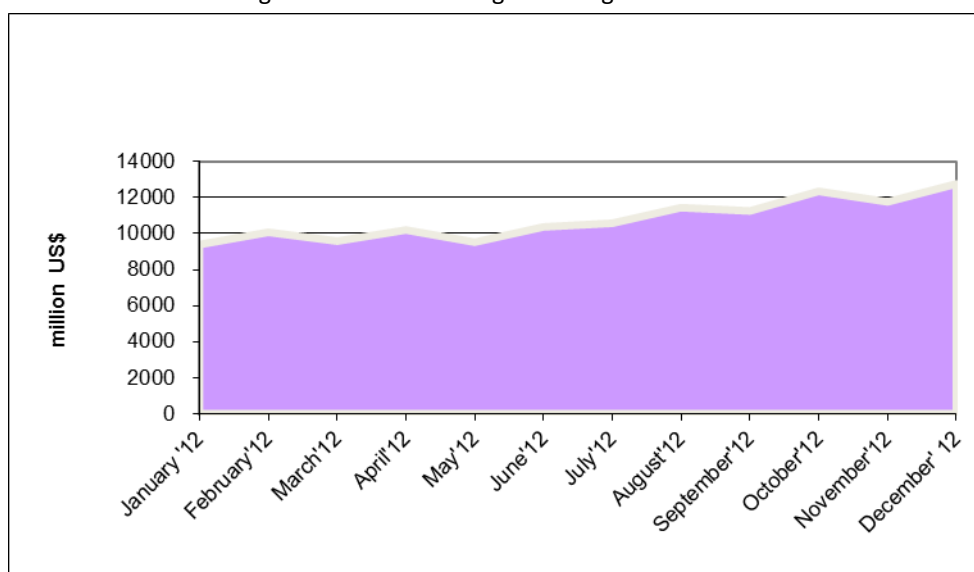
compared to USD 10364.3 million at end of June 2012 (table 3.5). Gross foreign reserves, without ACU liability was equivalent to import payments of 4.44 months based on the preceding 12 months average (January-December 2012).

Table 3.5: Foreign Exchange Reserve (In million US\$)

	2010-11	2011-12	As on end of December, 2012
Reserve	10911.5	10364.43	12750.58
In month of import payment	3.9	3.2	4.96

Source: Bangladesh Bank.

Chart 3.6: Outstanding Stock of Gross Foreign Exchange Reserve at the end of the month



3.6 Balance of Payments

The current account balance in the first six months of FY13 was in surplus. Both financial account surplus of USD 237 million and current account surplus of USD 850 million accounted for a surplus of USD 2426 million in overall balances during July-December 2012 against a deficit of USD 998 million over the corresponding period of FY12.

Table 3.6: Balance of Payments (In million US\$)

	2010-11 (July-June)	2011-12 ^R (July-June)	2011-12 ^R (July-December)	2012-13 ^P (July-December)
Trade Balance	-7744	-7995	-5580	-3675
Current Account Balance	885	1630	-1646	850
Capital Account	642	469	287	237
Financial Account	-1920	-955	781	1920
Overall Balance	-656	494	-998	2426

Source: Bangladesh Bank. R=Revised, p= provisional

4. REAL SECTOR

4.1 Quantum Index of Industrial Production

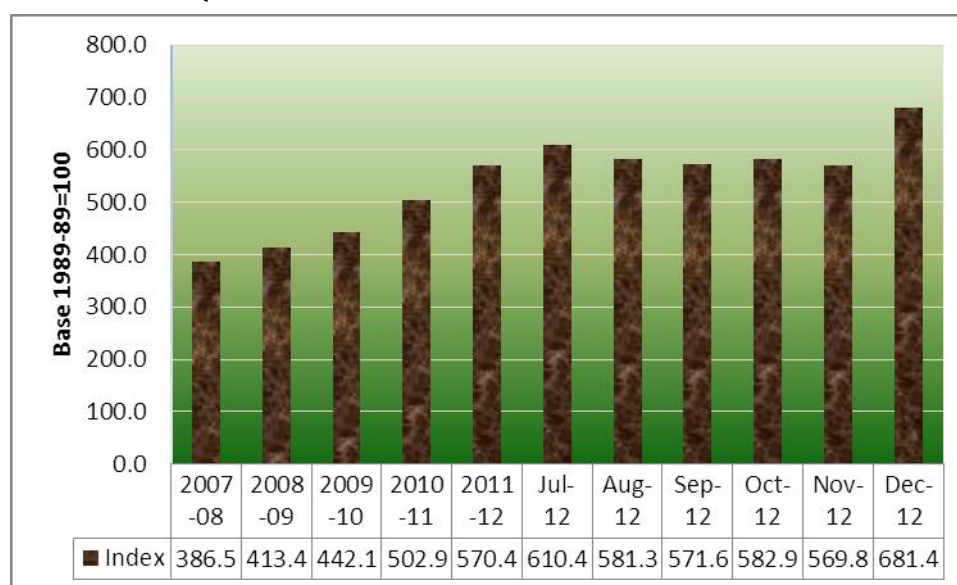
Significant growth in industrial sector resulted in a positive change in Quantum Index of Industrial Production which was 598.74 in December 2011 and became 681.43 in December 2012 (table 4.1). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 13.43 percent in FY 12 which was 13.74 percent in FY 11.

Table 4.1: Quantum Index of Industrial Production (Base: 1989-89=100)

Period	Index	Growth Rate (%)*
2006-07	360.33	9.74
2007-08	386.48	7.27
2008-09	413.42	6.97
2009-10	442.12	6.94
2010-11	502.89	13.74
2011-12	570.44	13.43
December 2011	598.74	13.16
December 2012	681.43	13.81

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

Chart 4.1: Quantum Index of Industrial Production



Source: BBS

4.2 Inflation

In FY12 the average rate of inflation (Twelve-Month Average Basis) was 10.62 percent (table-4.2). The food and non-food inflation were 10.47 percent and 11.15 percent respectively. In FY13, inflation has come down and in December 2012, the

rate of inflation (national) on point-to-point basis was 7.69 percent, of which, food and non-food inflation were 7.33 percent and 8.43 percent respectively.

Table-4.2 Twelve-Months Average Inflation (National) (Base 1995-96)

FY	Twelve-Months Average Basis		
	National	Food	Non-Food
2006-07	7.20	8.11	5.90
2007-08	9.94	12.28	6.32
2008-09	6.66	7.19	5.91
2009-10	7.31	8.53	5.45
2010-11	8.80	11.34	4.15
2011-12	10.62	10.47	11.15
2012-13	Twelve-Months Average Basis		
July	10.37	9.87	11.57
August	10.08	9.41	11.62
September	9.69	8.77	11.70
October	9.33	8.16	11.81
November	8.98	7.68	11.71
December	8.74	7.43	11.45

Source: Bangladesh Bureau of Statistics.

Chart 4.2: Trends of Point to Point Inflation (Base 1995-96)

