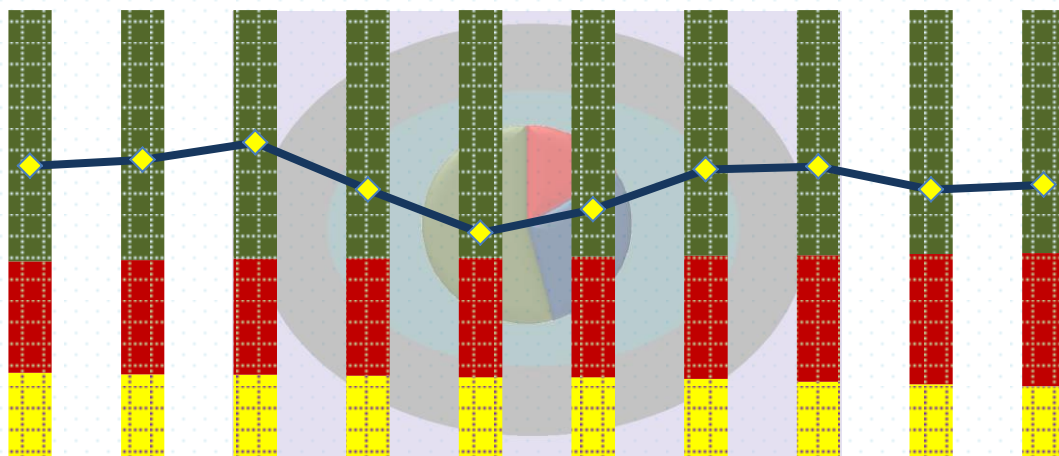




MONTHLY REPORT ON FISCAL-MACRO POSITION

March, 2016



Prepared by:
Macroeconomic Wing
Finance Division, Ministry of Finance, Bangladesh

Contributed by:
Sheikh Farid, Senior Assistant Secretary, Finance Division
Munshi Abdul Ahad, Deputy Secretary

Guided by:
Moinul Islam, Additional Secretary
Finance Division, Ministry of Finance, Bangladesh

Vol. IX, No. 09, March 2016, FY16

As of August, 2016

Contents

1.	FISCAL SECTOR.....	03
1.1	Revenue Earnings.....	03
1.2	Grants.....	03
1.3	Government Expenditure.....	04
1.4	Structure of Revenue Expenditure.....	05
1.5	Structure of ADP Expenditure.....	06
1.6	Budget Deficit.....	06
1.7	Deficit Financing.....	06
1.8	Net Sales of NSD Certificates.....	07
2	MONETARY SECTOR.....	07
2.1	Monetary and credit development.....	08
2.2	Reserve money and money multiplier.....	08
3	EXTERNAL SECTOR.....	08
3.1	Export.....	08
3.2	Imports (c & f).....	09
3.3	Remittance	10
3.4	Exchange Rate Movements.....	11
3.5	External Reserve	11
3.6	Balance of Payments	12
4	REAL SECTOR.....	13
4.1	Real Sector Indicators.....	13
4.2	Quantum Index of Industrial Production.....	13
4.3	Inflation.....	14

List of Tables

Table	1.1	Revenue Earnings.....	03
Table	1.2	Grants.....	03
Table	1.3	Government Expenditure.....	04
Table	1.4	Budget Balance.....	06
Table	1.5	Deficit Financing	06
Table	1.6	Net Sales of NSD Certificates	07
Table	2.1	Monetary and credit development.....	08
Table	2.2	Reserve money and money multiplier.....	08
Table	3.1	Export Performance.....	09
Table	3.2	Import Scenario.....	09
Table	3.3	Remittance Performance	10
Table	3.4	Exchange Rate Movements (Taka per US\$).....	11
Table	3.5	Foreign Exchange Reserve	12
Table	3.6	Balance of Payments	12
Table	4.1	Real sector indicators.....	13
Table	4.2	Quantum Index of Industrial Production (Base: 2005-06=100)...	14
Table	4.3	Twelve-Months Average Inflation (National) (Base 2005-06) ...	14

List of Charts

Chart	1.1:	Monthly Trend of Revenue earnings	03
Chart	1.2	Monthly Trend of Current and Development Expenditures (FY 14-16)	05
Chart	1.3	Sector wise share of Non-Development expenditure (July FY 16)	05
Chart	1.4	Sector wise share (%) of Development expenditure (July FY16)	06
Chart	1.5	Outstanding borrowing of government through NSD (Crore TK.)	07
Chart	3.1	Monthly Trend of Export	09
Chart	3.2	Monthly Trend of Import Payments	10
Chart	3.3	Monthly Trend of Remittances (Million US\$)	10
Chart	3.4	Period Average Exchange Rate Movements	11
Chart	3.5	Gross Foreign Exchange Reserve at the end of the month	12
Chart	4.1	GDP Growth Rate at current and constant prices (Base year 2005-06)	13
Chart	4.2	Quantum Index of Industrial Production (Base: 2005-06=100)	14
Table	4.3	Trends of Point to Point Inflation (Base 2005-06=100)	15

Executive Summary

The March 2016 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 posted a moderate growth by the end (July-June) of FY15. In July-March of FY16, total revenue collection increased by 15.60 percent compared to the same period of previous fiscal year. Similarly, total government spending increased by 5.57 percent during the same period.

Monetary Sector

Broad Money growth was 13.55 percent in the end of March of FY16 compared to the previous fiscal mainly due to 24.13 percent and 10.27 percent growth in NFA and NDA respectively. Reserve money growth in March FY16 over March FY15 was 15.75 percent.

External Sector

Both export earnings and import payments increased by 8.95 percent and 6.47 percent respectively during July-March of FY16 compared to the same period of the previous fiscal. On the other hand, remittance receipt decreased by 1.76 percent during this period whereas, foreign exchange reserve increased to US\$ 28365.93 million in the end of March of FY 16 which was equivalent to import payments of 7.5 months.

Real Sector

According to the provisional estimates of Bangladesh Bureau of Statistics (BBS), real GDP growth in FY16 would stand at 7.05 percent (Base year 2005-06). Per capita GNI in FY16 would reach US\$ 1466. The average rate of inflation (12-month average basis) in March 2016 stood at 6.10 percent. On point to point basis, inflation was 5.65 percent in March 2016, of which, food and non-food inflation were 3.89 percent and 8.36 percent, respectively. There was a positive change in Quantum Index of Industrial Production which was 228.2 in March 2015 and became 272.2 in March 2016.

1. FISCAL SECTOR

1.1 Revenue Earnings

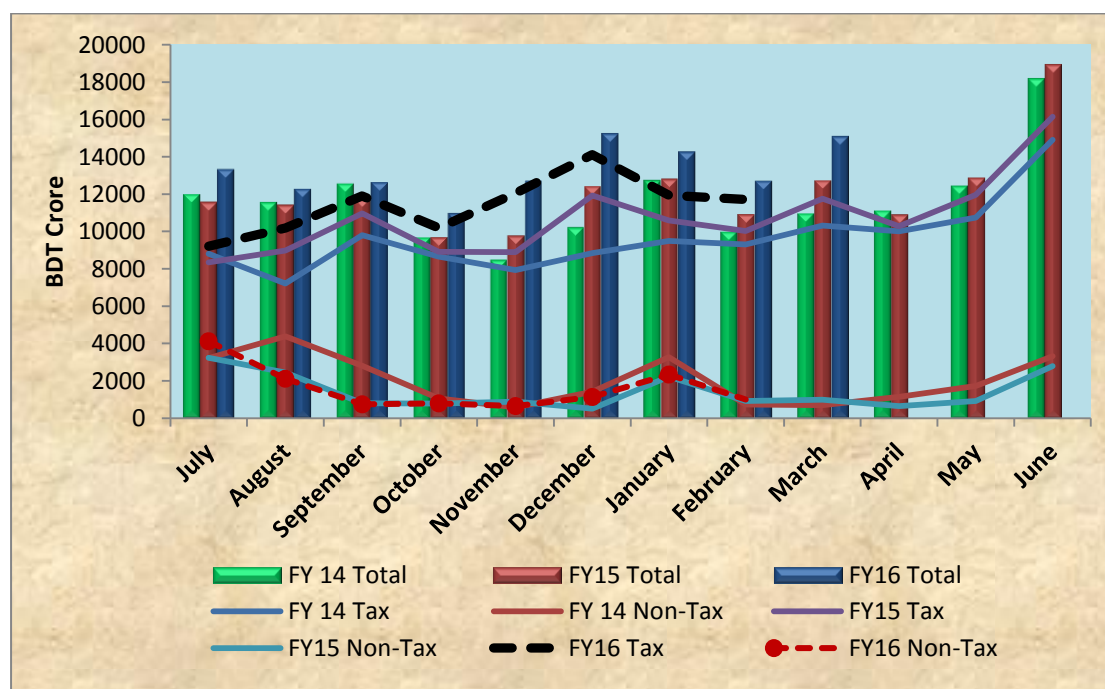
Total revenue earning increased by 15.60 percent during July-March of FY16 compared to the same period of FY 15. Growth rates of Tax and Non-tax revenue during this period were 16.45 percent and 9.60 percent respectively.

Table 1.1: Revenue Earning (In crore taka)

Period	Tax Revenue			Non-Tax Revenue	Total Revenue
	NBR	Non-NBR	Total		
2013-14 (Actual)	111421	4608	116029	24341	140370
2014-15 (Actual)	123974	4821	128795	17177	145972
Growth (%)	11.27	4.62	11.00	-29.43	3.99
July-March, FY15	87035	3371	90406	12817	103223
July-March, FY16	101210	4067	105277	14048	119325
Growth(%) over July-March, FY16	16.29	20.65	16.45	9.60	15.60

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

Chart 1.1: Monthly Trend of Revenue earnings (FY14-FY16)



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

1.2 Grants

Actual grant receipts fell by 65.3 percent in FY 15 compared to FY14. During July-March of FY16, grant receipt decreased by 45.3 percent to TK. 398 Crore against TK. 727 Crore over the corresponding period of the last fiscal (table 1.2).

Table 1.2: Grants

(In crore taka)

2013-14 (Actual)	2014-15 (Actual)	Growth (%)	FY 15	FY 16	Growth (%) over July -March FY14
			July-March	July-March	
6357	2205	-65.31	727	398	-45.3

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

1.3 Government Expenditure

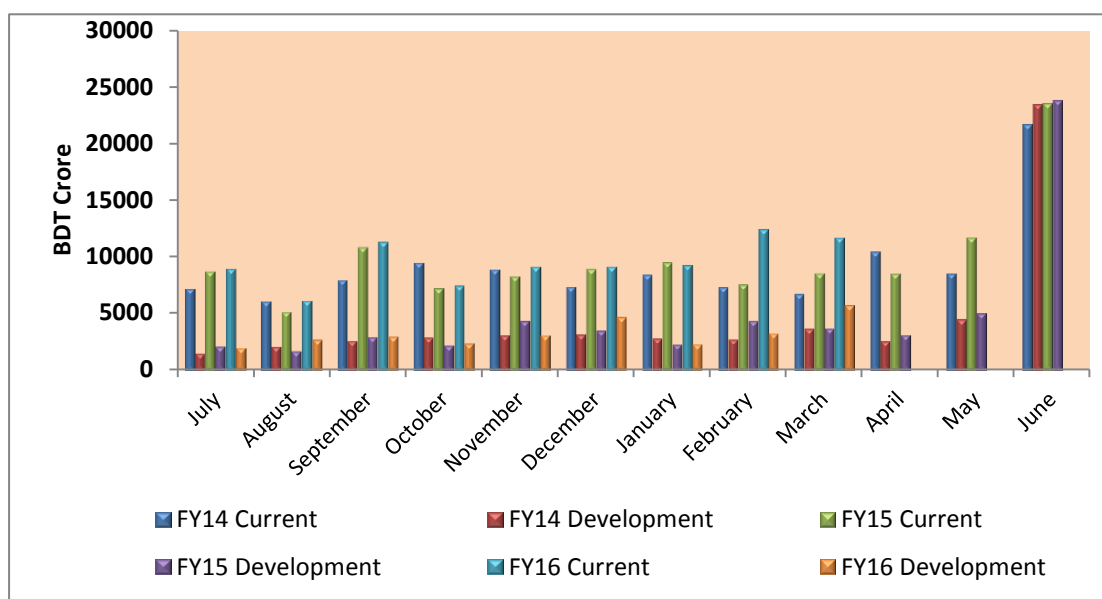
According to iBAS database, total government expenditure increased by 5.57 percent in July-March of FY16 compared to the same period of the previous fiscal (Table-1.3). Similarly, development (ADP) expenditure increased by 4.05 percent within the same period. It may be noted here that, according to the report of Implementation, Monitoring and Evaluation Division (IMED) of Ministry of Planning, ADP expenditure (without self-financing) stood at BDT 39891 Crore in July-March of FY16, recording 13.47 percent increase over the same period of the last fiscal year.

Table 1.3: Government Expenditures (In crore taka)

Category of expenditures	FY 14	FY 15	Growth (%)	FY 15	FY 16	Growth (%) over July-March, FY15
				July-March	July-March	
1. Current Spending	110572	118977	7.60	75112	85089	13.28
Pay and Allowances	26344	28840	9.47	21634	25010	15.61
Goods and Services	15053	16530	9.81	8790	9352	6.39
Interest Payment	28223	30960	9.70	20329	21999	8.21
Domestic	26619	29423	10.53	19029	20705	8.81
Foreign	1604	1537	-4.18	1300	1294	-0.46
Subsidy and Transfer	40711	42459	4.29	24228	28586	17.99
Others	241	188	-21.99	131	142	8.40
2. Food Accounts	332	2129	541.27	3814	3612	-5.30
3. Non-ADP Capital & Net Lending	21989	22939	4.32	12107	7823	-35.38
Non-ADP Capital	10442	10595	1.47	6559	8353	27.35
Net Lending	7727	9051	17.13	4082	-751	-118.40
Non-ADP Project	2077	2346	12.95	1230	4	-99.67
FFW	1026	376	-63.35	0	9	-
Development Expenditure under Revenue Budget	717	571	-20.36	236	208	-11.86
4. Development Spending	55325	59706	7.92	27625	28743	4.05
Total (1+2+3+4)	188218	203751	8.25	118658	125267	5.57
Total Spending (Percent of GDP)	14.01	13.46	-3.90	7.84	7.30	-

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

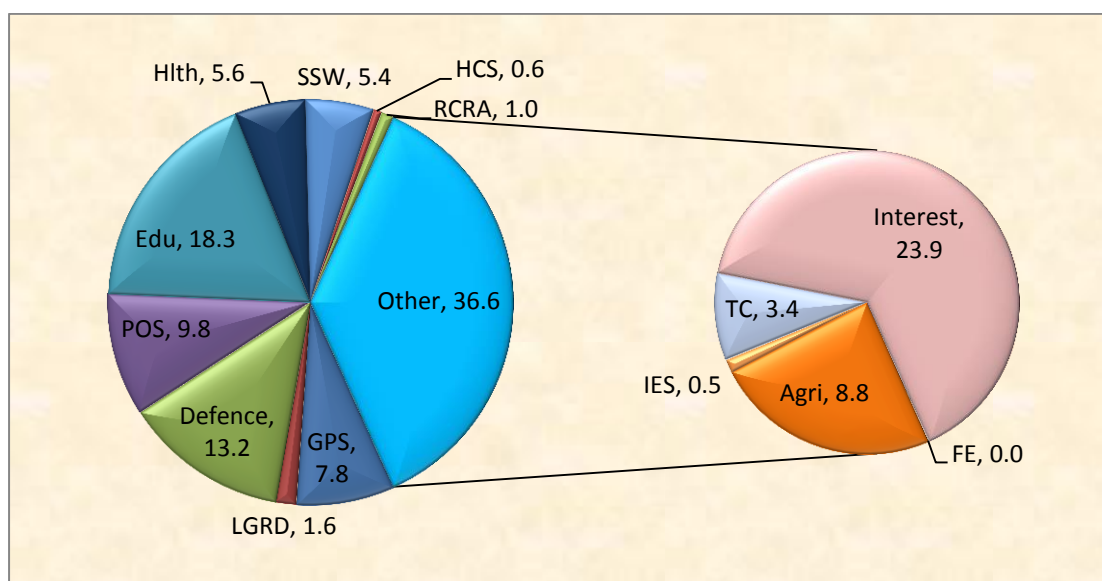
Chart 1.2: Monthly Trend of Current and Development Expenditure (FY 14-16)



1.4 Composition of Revenue Expenditure

Interest payment (23.9%) was the highest spending item followed by education and technology sector (18.3%) in July-March of FY 16(chart 1.3).

Chart 1.3: Sector wise share (%) of Non-Development expenditure (July-March of FY 16)

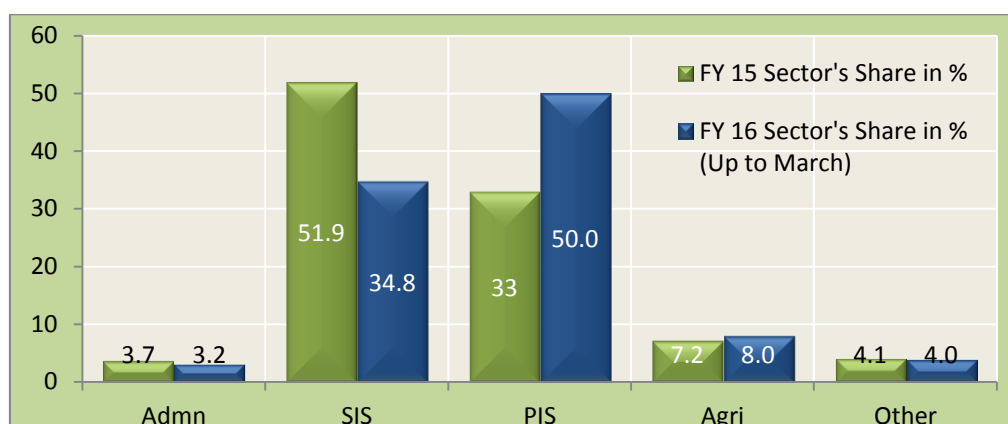


GPS = General Public Services, LGRD = LGD, RD & Cooperatives, CHTs, POS = Public Order and Safety, Edu = Education and Technology, HLth = Health, SSW = Social Security and Welfare, RCRA = Recreation, Culture and Religious Affairs, Agri = Agriculture, Fisheries and Livestock, Land, Water Resources and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

1.5 Composition of ADP Expenditure

Sector wise analysis of development expenditure shows that, over the period of July-March of FY16, highest share of spending went to Physical Infrastructure (50%) followed by Social Infrastructure (34.8%).

Chart 1.4: Sector wise share (%) of Development expenditure (July of FY16)



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 FY15 stood at 3.8 percent of GDP (Base year 2005-06), which was 3.6 percent in FY14. Overall budget balance including grants during July-March of FY16 records a deficit of BDT 5942 crore against a deficit of BDT 15434 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
2013-14	-47848	-3.56
2014-15	-57778	-3.81
July-March FY15	-15434	-1.02
July-March FY16	-5942	-0.34

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

1.7 Deficit Financing

Domestic borrowing from the banking system declined to BDT 515 Crore in FY15 from BDT 18168 Crore in FY 14. On the other hand, borrowing from the non-bank sources increased to BDT 50552 Crore from 19974 Crore within the same period. Net borrowing from the external sources declined to BDT 6608 Crore in FY 15 from BDT 9706 Crore in FY 14. Government debt stock increased by BDT 5945 Crore during July-March of FY 16

Table 1.5: Deficit Financing (In crore taka)

Period	External (net)	Domestic		Total Financing	Financing as % of GDP
		Bank	Non-Bank		
2013-14	9706	18168	19974	47848	3.6
2014-15	6608	515	50692	57815	3.8
July-March FY15	2559	3105	9806	15470	1.0
July-March FY16	2359	-5706	9292	5945	0.3

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

1.8 Net Sale of NSD Certificates

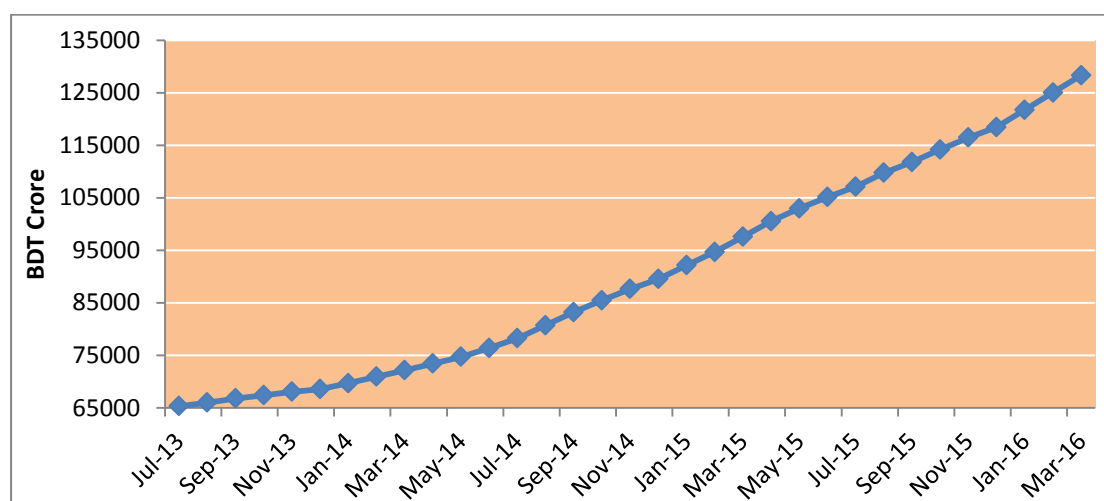
Sale of NSD certificate in July-March period of FY16 stood at Tk. 38188.67 Crore which was 23.73 percent higher than that of the same period of preceding year. As a result, net borrowing through NSD certificates stood at Tk.23188.25 Crore by end of March 2016 (table 1.6).

Table 1.6 Net Sales of NSD Certificates (In crore taka)

Period	Sales	Repayment (Principal)	Net Sale	Outstanding at the end of period
2013-14	24309.59	12602.29	11707.3	76397.48
2014-15	42659.79	13927.13	28732.66	105130.14
Growth (%)	75.49	10.51	145.43	37.61
July-March FY15	30864.19	9680.1	21184.09	97581.58
July-March FY 16	38188.67	15000.42	23188.25	128318.39
Growth (%)	23.73	54.96	9.46	31.50

Source: National Savings Directorate

Chart 1.5: Outstanding borrowing of government through NSD (In crore taka)



Source: National Savings Directorate

2. MONETARY SECTOR

2.1 Monetary and credit development

Broad money (M2) growth in March, 2016 was 13.55 percent (table 2.1) compared to the same month of previous fiscal. This was mainly due to the growth of both Net Foreign Asset and Domestic Assets of banking system recording 24.13 and 10.27 percent increase respectively. During the month of March 2015, private sector credit expansion was quite remarkable (15.16 percent) which contributed to 11.42 percent of domestic credit growth despite negative growth in public sector credit (-5.28 percent).

Table 2.1 Monetary and credit development (Billion BDT)

Items	Outstanding stock at the end of period			Changes in outstanding stock		March FY 15	Percentage changes	
	Jun FY 14	Jun FY 15	March FY 16	Up to March FY 16	March FY16 over March FY15		Up to March FY 16	March FY16 over March FY15
Net Foreign Assets	1600.6	1892.3	2203.3	311.0	428.3	1774.9	16.43	24.13
Net Domestic Asset	5405.7	5983.9	6328.6	344.7	589.6	5738.9	5.76	10.27
Domestic Credit	6379.1	7015.3	7534.9	519.6	772.6	6762.4	7.41	11.42
Public Sector	1302.7	1269.3	1170.5	-98.8	-65.2	1235.7	-7.78	-5.28
Govt (Net)	1175.3	1102.6	997.8	-104.8	-58.7	1056.5	-9.50	-5.56
Other Public Sector	127.4	166.7	172.7	6.0	-6.5	179.2	3.60	-3.62
Private sector	5076.4	5746.0	6364.4	618.4	837.7	5526.7	10.76	15.16
Net Other Item	-973.4	-1031.4	-1206.3	-174.9	-182.9	-1023.4	16.96	17.87
Broad Money	7006.2	7876.1	8531.8	655.7	1018.0	7513.9	8.33	13.55

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve money and money multiplier

Reserve money recorded an increase of 15.75 percent at the end of March FY16 over the same period of previous fiscal year (table 2.2). At the same time the value of reserve money multiplier declined to 5.27 at the end of March of FY 16 from 5.30 at the end of FY 15.

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

	Outstanding Stock at the end of period			Changes in Outstanding Stock	
	June FY14	June FY 15	March FY16	Up to March FY 16	March FY 16 over MarchFY 15
Reserve money	1298.8	1484.8	1618.8	134.0 (+9.02)	220.3 (+15.75)
Money multiplier	5.39	5.30	5.27	-0.03	-0.10

Source: Bangladesh Bank. Figures in the brackets indicate percentage change

3. EXTERNAL SECTOR

3.1 Export

Export earnings increased by 3.4 percent and stood at US\$ 31208.94 million during FY15 compared with the same period of last fiscal year (Table 3.1). During July-March of FY16 export earnings increased by 8.95 percent compared to the corresponding period of the previous fiscal. Mentionable that growth in export earnings in the month of March 2016 (year on year basis) was 9.20 percent which was 7.43 percent in the same month of previous fiscal year.

Table 3.1: Export Performance

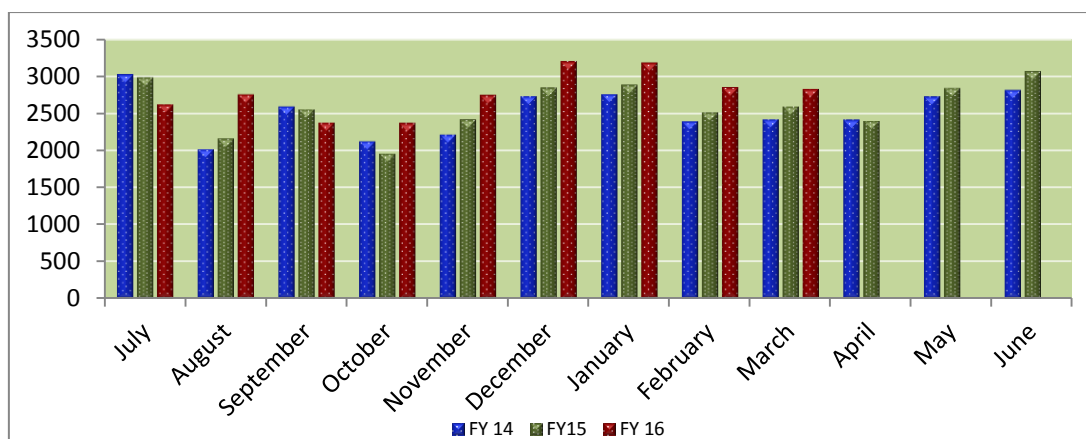
(Million US\$)

	FY 14	FY 15	July- March FY 16	March FY16
Export	30186.62	31208.94	24955.17	2831.42
Growth (%)*	11.69	3.39	8.95	9.20

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 July- March of FY16, import payments increased by 6.47 percent and stood at USD 31335.8 million (Table 3.2). On the other hand, import LCs opening during the same period declined by 2.29 percent. However, there was a positive growth (4.98%) in import LC settlement during this period.

Table 3.2: Import Scenario

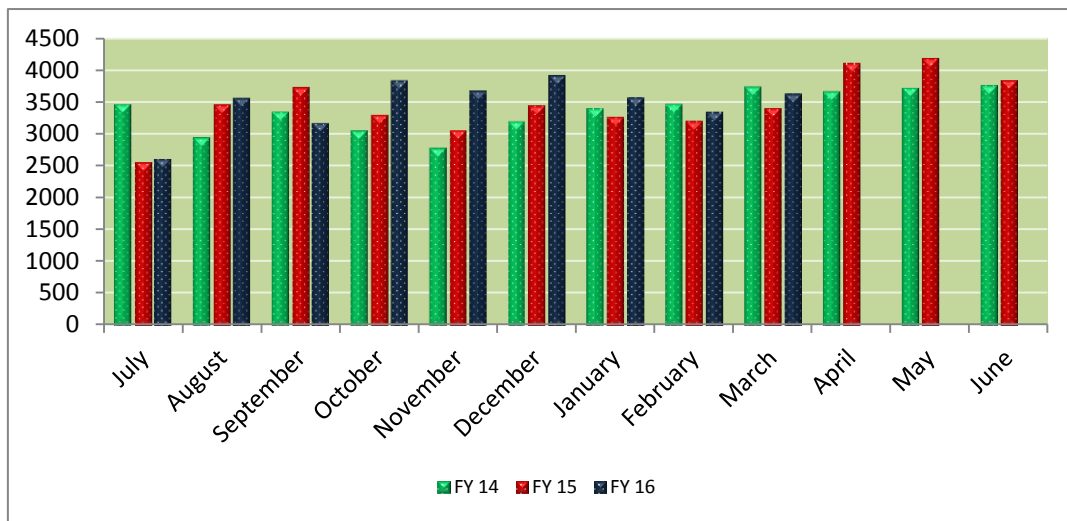
(Million US\$)

Period	FY 14	FY 15	FY 16 (up to March)	FY 16 March
Import payments	40616.40	45190.20*	31335.8	3632.4
Growth (%)	8.92	11.26	6.47	6.71
LCs Opened	41818.56	43068.76	31565.98	3988.71
Growth(%)	16.29	2.99	-2.29	-6.42
LCs Settled	37188.84	38455.24	30221.28	3365.75
Growth(%)	14.93	3.41	4.98	0.41

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

Chart 3.2: Monthly Trend of Import Payments

(In million US\$)



3.3 Remittance

Remittance inflow decreased by 1.76 percent in July-March of FY 16 compared to the same period of the previous fiscal year.

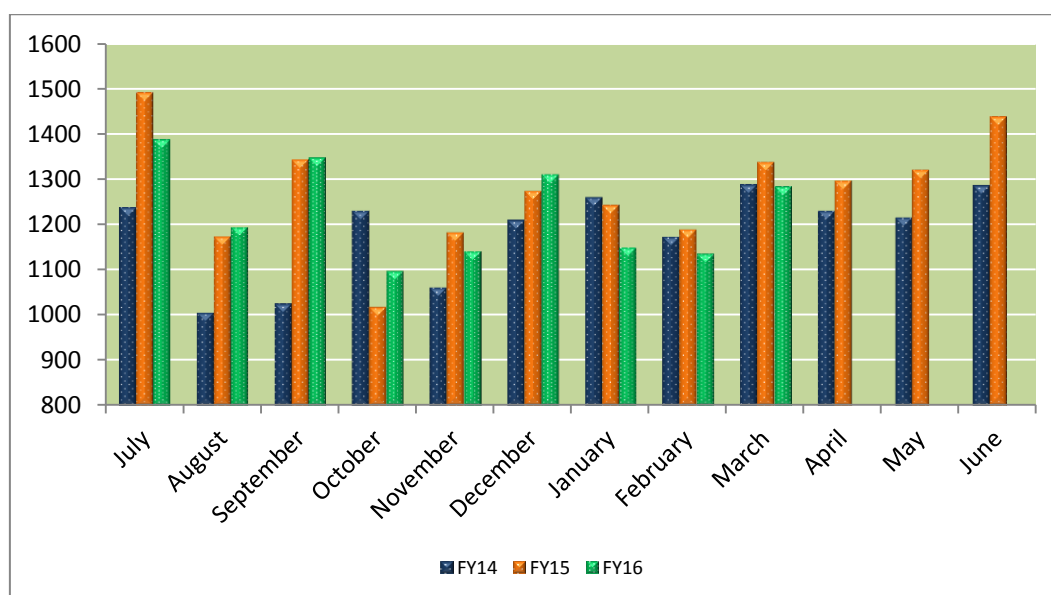
Table-3.3: Remittance Performance

(In million US\$)

	FY 14	FY 15	FY 16 Up to March	FY 16 March
Remittances	14228.3	15316.9	11059.7	1285.59
Growth (%)	-1.61	7.65	-1.76	-3.94
As % of GDP	8.23	7.85	5.02	-
As % of Export	47.13	49.08	44.32	40.13

Source: Bangladesh Bank

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



Source: Bangladesh Bank

3.4 Exchange Rate Movements

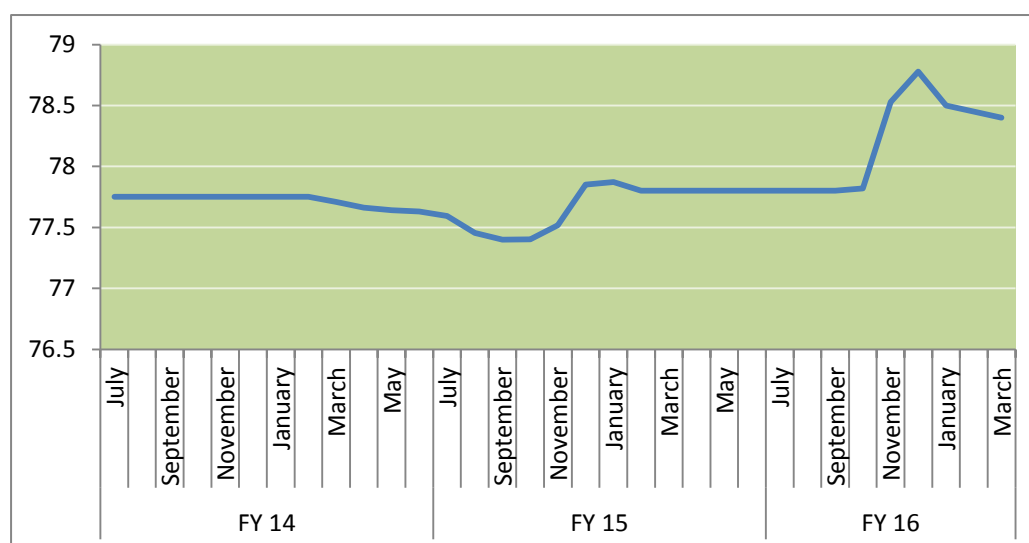
The exchange rate movement (monthly average) from July 2013 to March 2016 has been shown in Chart 3.4 (BDT against USD). BDT showed an appreciation trend from March 2014 to October, 2015. However, BDT depreciated by 0.77 percent against US dollar from its level of end June 2015 at the end of March 2016.

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

Period	Average	End of the period
2008-09	68.80	69.06
2009-10	69.18	69.44
2010-11	71.17	74.15
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		
July	77.80	77.80
August	77.80	77.80
September	77.80	77.80
October	77.82	77.99
November	78.53	78.64
December	78.78	78.50
January	78.50	78.50
February	78.55	78.45
March	78.41	78.40

Source: Bangladesh Bank

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



3.5 External Reserve

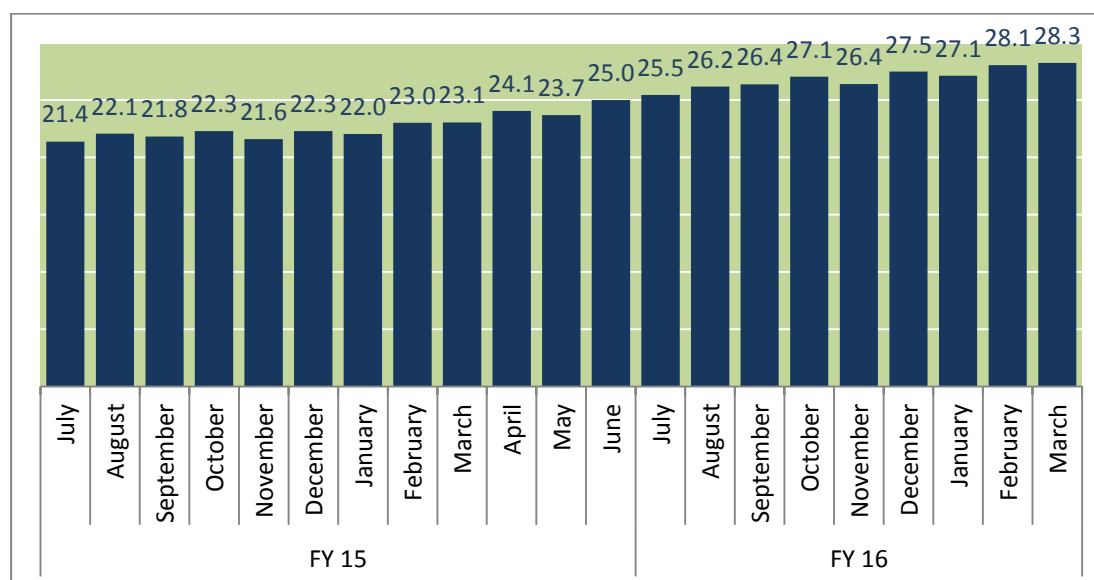
The gross foreign exchange reserve of Bangladesh Bank increased to US\$ 28265.93 million at the end of March of FY 16 from US\$ 28058.56 million in the previous month. The gross foreign exchange reserve at the end of March of FY16 is equivalent to import payments of 7.9 months.

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

	FY 13	FY 14	FY 15	As on end of March FY 16
Reserve	15315.23	21508.0	25025.50	28265.93
In month of import payment	4.64	5.89	6.65	7.9

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

The country's trade deficit decreased to US\$ 4642 million in July-March of FY 16 from US\$ 4673 million in the corresponding period of the FY15. It contributed to increase current account balance to US\$ 2933 million from US\$ 2434 million in the corresponding period of the previous fiscal year. Surplus in both capital and financial account along with a positive current account balance resulted in a surplus of US\$ 3533 million in overall balances during in July-March of FY16.

Table 3.6: Balance of Payments

(Million US\$)

	2013-14 ^R (July-June)	2014-15p (July-June)	July-March, FY 15 ^R	July-March, FY 16 ^P
Trade Balance	-6794	-9917	-4673	-4642
Current Account Balance	1406	-1645	2434	2933
Capital Account	598	491	344	364
Financial Account	2813	5150	808	807
Overall Balance	5483	4373	2887	3533

Source: Bangladesh Bank. R=Revised

4. REAL SECTOR

4.1 Real Sector Indicators

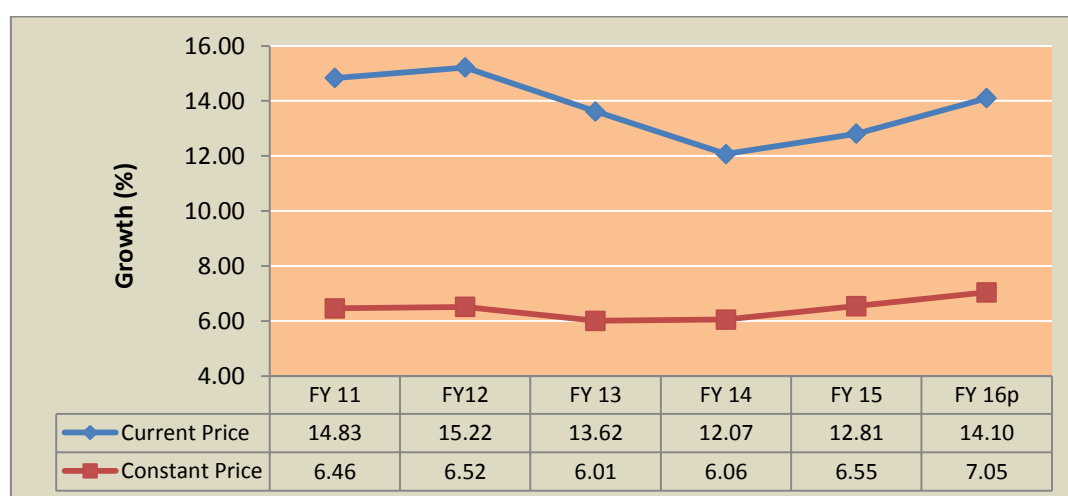
According to Bangladesh Bureau of Statistics (BBS), provisional real GDP growth in FY16 is 7.05 percent (Base year 2005-06). Per capita GNI in FY16 reached US\$ 1466.

Table 4.1 Real sector indicators

Concepts	Unit	FY 12	FY 13	FY 14	FY 15	FY16(p)
GDP at constant prices	Billion Tk.	6884.9	7299.0	7741.4	8248.6	8830.5
Growth	%	6.52	6.01	6.06	6.55	7.05
GDP at current prices	Billion Tk.	10552.0	11989.2	13436.7	15158.0	17295.7
Growth	%	15.22	13.62	12.07	12.81	14.10
GNI at current prices	Billion Tk.	11445.1	12953.5	14332.2	16142.0	18315.0
Per capita GDP	Taka	69614	78009	86266	96004	108172
Per capita GNI	Taka	75505	84283	92015	102236	114547
Per capita GDP	US\$	880	976	1110	1236	1384
Per capita GNI	US\$	955	1054	1184	1316	1466

Source: Bangladesh Bureau of Statistics, P= provisional

Chart 4.1: GDP Growth Rate at current and constant prices (Base year 2005-06)



4.2 Quantum Index of Industrial Production

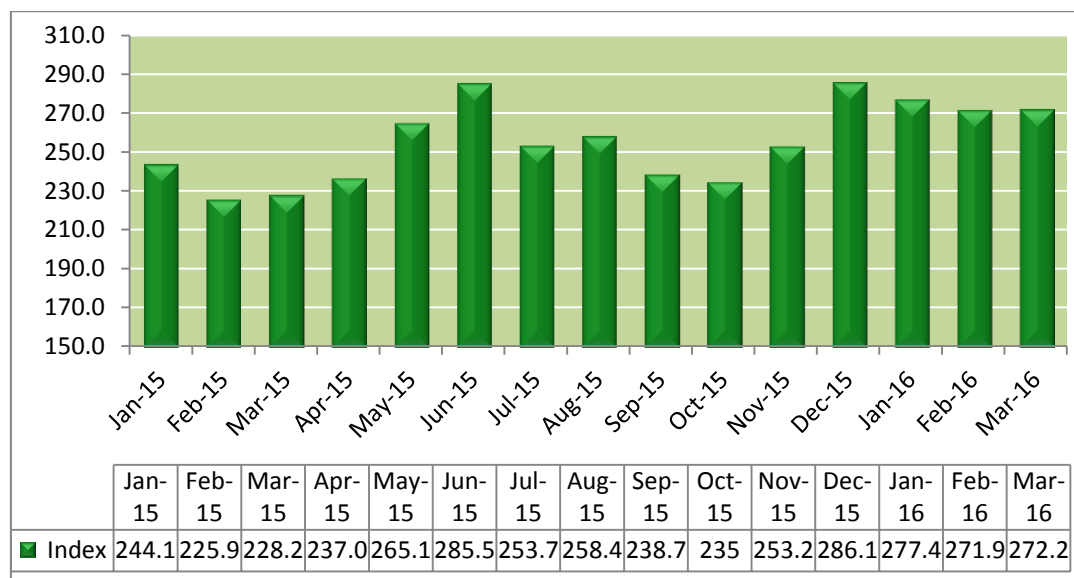
Quantum Index of Industrial Production increased by 19.3 percent and became 272.2 in March 2016 (table 4.2). The growth rate of the Quantum Index of Industrial Production (Large and Medium Scale Manufacturing Industry) was 10.7 percent in FY 15 which was 8.2 percent in FY 14.

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
2015-15	236.1	10.7
March, 2015	228.2	10.4
March, 2016	272.2	19.3

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

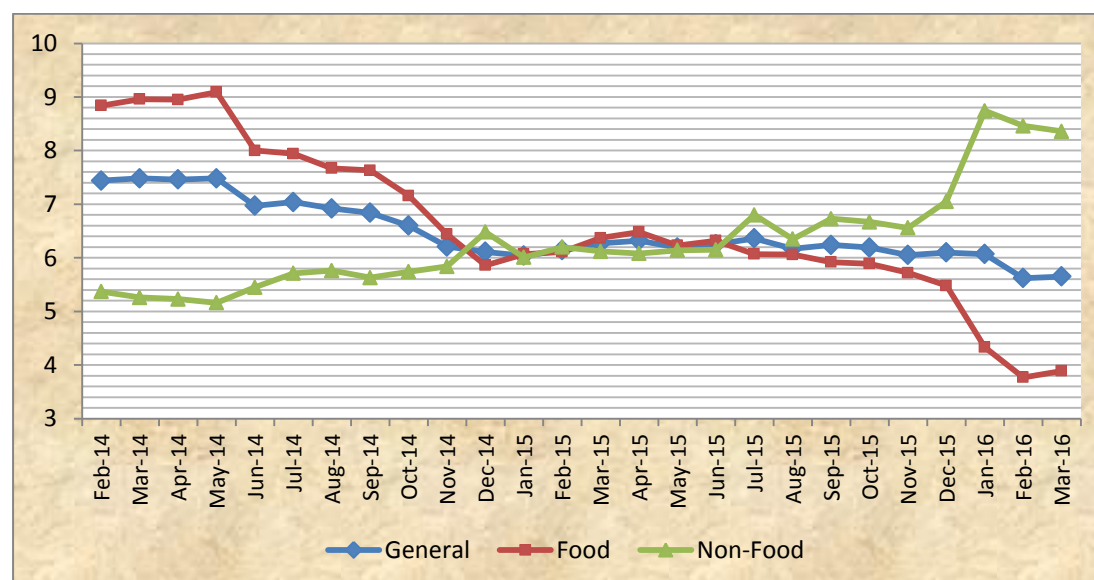
In FY15, the average rate of inflation (12-month average basis) was 6.41 percent (table-4.3). On the twelve month average basis general inflation reduced to 6.10 percent in March 2016, of which food and non-food inflation were 5.49 percent and 7.03 percent, respectively. On the other hand, point to point inflation stood at 5.65 percent in the same month, of which, food and non-food inflation were 3.89 percent and 8.36 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			
July	6.35	6.53	6.08
August	6.29	6.39	6.13
September	6.24	6.25	6.22
October	6.21	6.15	6.30
November	6.20	6.09	6.36
December	6.19	6.05	6.41
January	6.20	5.90	6.65
February	6.15	5.70	6.84
March	6.10	5.49	7.03

Source: Bangladesh Bureau of Statistics

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



Source: Bangladesh Bureau of Statistics