



Monthly Report on Fiscal-Macro Position

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EXECUTIVE SUMMARY

The June 2024 issue of the report on the 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 collection after June FY24 demonstrated an upward trend as Tax revenue increase by 12.80 percent and non-tax revenue increased by 0.81 percent than that of July-June FY23. The overall increase in revenue is 11.52 percent on July-June FY24 compared to that of July-June FY23. Total operating expenditure increased by 9.59 percent to Tk. 405,446.06 crore in July-June FY24 compared to Tk. 369,974.38 crore in July-June FY23. However, the ADP implementation in July-June FY24 decreased by 1.72 percent compared to that of July-June FY23. Overall government expenditure increased by 4.86 percent in July-June FY24 compared to that of July-June FY23¹.

Monetary Sector

Broad money (M2) increased by 7.74 percent at the end of June FY24 compared to that of June FY23. Of the sources of broad money, Net Domestic Asset (NDA) increased by 10.93 percent while Net Foreign Asset decreased by 8.08 percent. Reserve money increased by 7.84 percent at the end of June 2024 compared to that of June 2023. Money multiplier remains same as 4.92 at the end of June 2024 in comparison to that of at the end of June 2023.

External Sector

Export growth decreased by 4.34 percent during July-June FY24 compared to the exports of July-June FY23. Imports decreased by 7.83 percent after June FY24 compared to that of July-June FY23. Import showing down trend due to some tightening measures taken by Bangladesh Bank. Workers' remittances after June FY24 increased by 10.65 percent to USD 23,912.22 million against USD 21,610.73 million after June FY23. The current account deficit decreased to US\$ 6,512 million compared to a deficit of US\$ 11,633 million for the same period of the previous fiscal year and the overall deficit stood at US\$ 4,301 million at the end of June FY24 compared to 8,222 million US\$ deficit in the same time of the previous year. Gross foreign exchange reserves stood at USD 26.82 billion in June FY24 which was sufficient to pay import liability of 4.93 months, considering the average of the previous 12 months' imports.

Real Sector

The industrial production of Large Scale decreased by 5.25 percent whereas, SMME Scale and Cottage Scale increased by 4.54 percent and 4.49 percent respectively during June 2024. Point to point inflation increased to 11.66 percent in June FY24 from 9.89 percent of May FY24 where food inflation increased from 10.76 to 14.10 percent, non-food inflation increased from 9.20 to 9.68 percent. On twelve-month average basis, inflation rose to 9.89 percent in June FY24 from 9.73 percent in May FY24, which is 3.73 percentage point higher than the target of 6.0 percent for FY24.

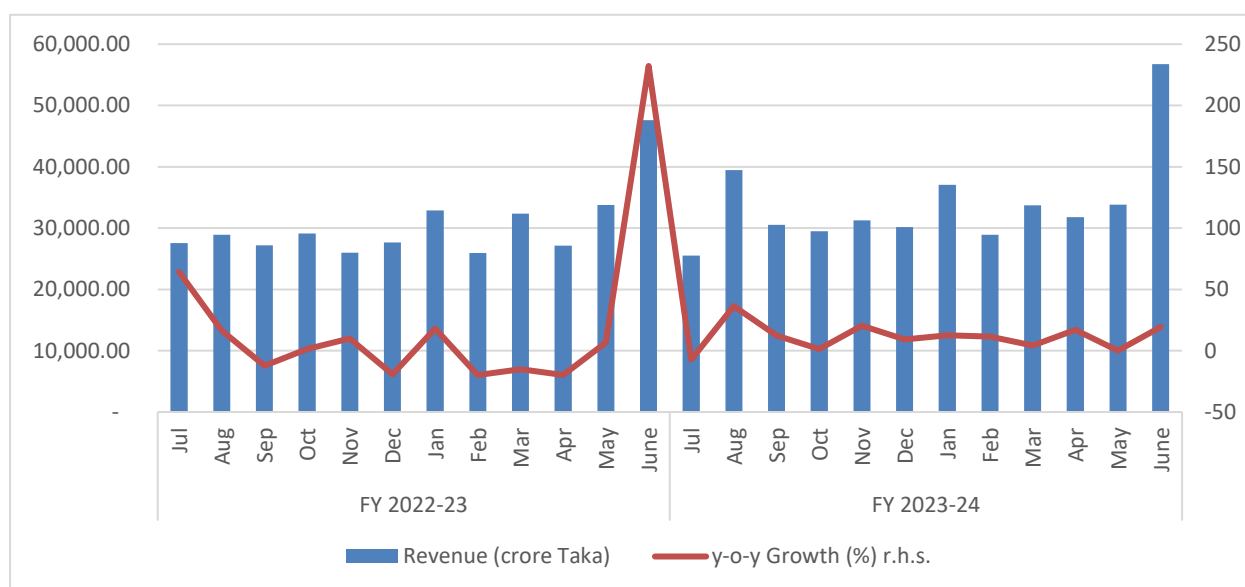
¹ Fiscal sector data collected from iBAS on 14 July 2024

1. FISCAL SECTOR

1.1 Revenue Earnings

Revenue collection after June FY24 demonstrated an upward trend as Tax revenue increase by 12.80 percent and non-tax revenue increased by 0.81 percent than that of July-June FY23. The overall increase in revenue is 11.52 percent on July-June FY24 compared to that of July-June FY23.

Chart 1.1: Trend of Government's monthly 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		
2023-24 (July-June)	361,423.62	8,323.35	369,746.97	39,265.86	409,012.83
2022-23 (July-June)	319,799.69	7,994.46	327,794.15	38,952.18	366,746.34
Growth (%)	13.02	4.11	12.80	0.81	11.52
2022-23 (Actual)	319,731.03	7,994.46	327,725.50	38,932.95	366,658.45
2021-22 (Actual)	292,917.36	6,704.42	299,621.78	35,590.62	335,212.40
Growth (%)	9.15	19.24	9.38	9.39	9.38

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

1.2 Government Expenditure

Total operating expenditure increased by 9.59 percent to Tk. 405,446.06 crore in July-June FY24 compared to Tk. 369,974.38 crore in July-June FY23. However, the ADP implementation in July-June FY24 decreased by 1.72 percent compared to that of July-June FY23. The overall development expenditure has decreased by 2.05 percent compared to that of the previous year. Overall government expenditure increased by 4.86 percent in July-June FY24 compared to that of July-June FY23. According to the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning, the execution rate of ADP is 80.92 percent.

Table 1.2: Government Expenditure (Crore taka)

	2024-25 (July-July)	2023-24 (July-July)	Growth (%) (July-July)	2023-24	2022-23	Yearly Growth (%)
a1. Operating Recurrent Expenditure	26,855.61	21,127.20	27.11	395,798.63	357,147.46	10.82
Pay and Allowances	4,804.44	4,503.74	6.68	67,383.30	63,847.06	5.54
Use of Goods and Services	877.25	926.71	-5.34	39,632.64	33,921.66	16.84
Interest Payment	15,508.92	10,000.22	55.09	114,756.11	92,110.18	24.59
Domestic	13,946.82	8,703.96	60.24	99,605.73	82,672.76	20.48
Foreign	1,562.10	1,296.26	20.51	15,150.38	9,437.43	60.54
Subsidies and Transfer	5,665.00	5,696.53	-0.55	174,026.59	167,268.56	4.04
a2. Operating Capital Expenditure	266.87	38.10	600.50	14,163.23	12,817.15	10.50
a) Total Operating Expenditure (a1+a2)	27,122.48	21,165.30	28.15	409,961.87	369,964.60	10.81
b) Outlay for Food Accounts	1,280.72	903.92	41.68	-1,295.03	1,013.46	-227.78
c) Loans and Advances-Net	-518.37	-584.14	-11.26	-8,588.02	-2,178.41	294.23
d) Development Expenditure	1,731.46	1,536.46	12.69	210,181.44	205,509.71	2.27
Of which ADP	1,731.32	1,535.19	12.78	196,017.69	192,278.87	1.94
Total Expenditure (a+b+c+d)	29,616.29	23,021.53	28.65	610,260.26	574,309.36	6.26
Total Expenditure (as % of GDP)	7.10	6.22	0.88	13.75	12.79	0.96
Memo Item:GDP	5,006,782.00	4,439,273.00	12.78	4,439,273.00	4,490,800.00	-1.15

Source: Finance Division and Latest BBS Publications with the new base 2015-16. * Projected GDP for FY2023-24.

1.3 Budget Deficit

The budget deficit (including grants) for July-June of FY24 was Tk 188,258.50 crore which is -3.73 percent of the projected GDP for FY24. For the same period of the previous Fiscal Year, the overall budget deficit was taka - 204,820.98 crore which was -4.56 percent of GDP of that year.

Table 1.3: Budget Balance (Crore taka)

Year	Overall Balance	Overall Balance as % of GDP	GDP
2023-24 (July-June)	-188,258.50	-3.73	5,048,027.00
2022-23 (July-June)	-204,820.98	-4.56	4,490,800.00
2022-23	-204,447.34	-4.55	4,490,800.00
2021-22	-181,785.68	-4.79	3,971,716.00

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

1.4 Deficit Financing

The government arranged its financing requirement from the banking system in the twelfth month of the fiscal year to repay the non-bank borrowing loans undertaken in the past. Therefore, the Government has financed its budget deficit predominantly from the bank in June FY24.

Table 1.4: Deficit financing (Crore taka, Excluding Grants)

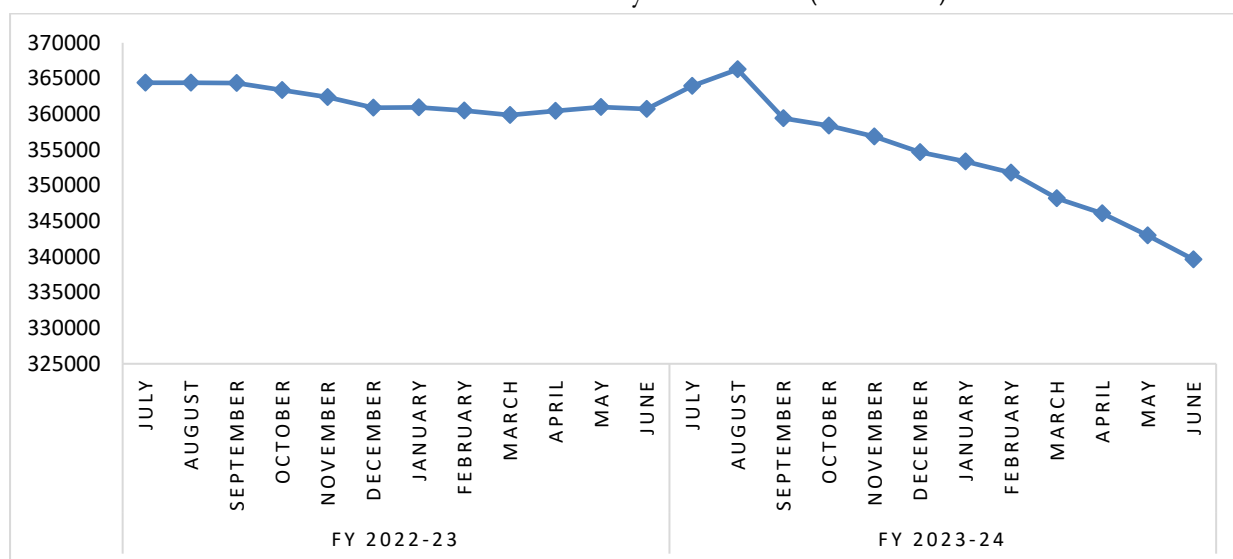
Period	External (Net)	Domestic			Total Financing	Financing as % of GDP
		Bank	Non-Bank	Total		
2023-24 (July-June)	71,157.25	124,150.41	-5,910.34	118,240.07	189,397.32	3.75
2022-23 (July-June)	79,156.43	118,025.05	6,709.47	124,734.52	203,890.94	4.54
2022-23	79,155.82	118,025.05	6,336.44	124,361.48	203,517.30	4.53
2021-22	65,066.48	75,532.53	40,199.25	115,731.78	180,798.25	4.55
Target in 2023-24	102,490.15	132,395.00	23,000	155,395	257,885	5.11
Financing composition		External (Net)	Domestic		Total Financing	
			Bank	Non-Bank		
2023-24 (July-June)		37.57%	65.55%	3.12%	62.43%	100.00%
2022-23 (July-June)		38.82%	57.89%	3.29%	61.18%	100.00%
2022-23		38.89%	57.99%	3.11%	61.11%	100.00%
2021-22		35.99%	41.78%	22.23%	64.01%	100.00%
Target in 2023-24		39.74%	51.34%	8.92%	60.26%	100.00%

Source: Integrated Budgeting & Accounting System (iBAS++), Finance Division (Self Calculation for Financing composition)

1.4.1 National Savings Certificates (NSCs)

NSCs gross sales decreased by 2.49 percent for July-June FY24 compared to that of July-June FY23. The net sales of NSCs during July- June of FY24 decreased by 540.92 percent compared to the same period of the previous year. The outstanding stock of NSCs stands at taka 339,630.72 crore at the end of June FY24 which is 5.84 percent lower compared to that of June FY23.

Chart 1.2: Trend of monthly stock of NSC (crore Taka)



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

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

Period	Gross Sale	Repayment (Principal)	Net Sale	Outstanding at the end of the period
2023-24 (July-June)	78,847.95	99,972.32	-21,124.37	339,630.72
2022-23 (July-June)	80,858.61	84,154.57	-3,295.96	360,705.04
Growth (%)	-2.49	18.80	540.92	-5.84
2022-23	80,858.63	84,154.56	-3,295.93	360,755.09
2021-22	108,070.53	88,154.78	19,915.75	364,051.05
Growth (%)	-25.18	-4.54	-116.55	-0.91

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

2. MONETARY SECTOR

2.1 Monetary and Credit Development

Broad money (M2) increased by 7.74 percent at the end of June FY24 compared to that of June FY23. Of the sources of broad money, Net Domestic Asset (NDA) increased by 10.93 percent while Net Foreign Asset decreased by 8.08 percent. Despite strong public sector credit growth, government borrowing from the banking system contributed to the less than expected credit growth in the private sector.

Table 2.1: Monetary and Credit Development

Items	Outstanding stock			% Changes in	
	at the end of the period			Outstanding stock	
	Jun-24	Jun-23	Jun-23	June-24 over June-23	June-24 over June-23
A. Net Foreign Assets (NFA)	2,911.29	3,167.28	3,167.28	-8.08	-8.08
B. Net Domestic Asset (NDA)	17,421.05	15,704.40	15,704.40	10.93	10.93
a. Domestic Credit	21,155.25	19,267.69	19,267.69	9.80	9.80
Public Sector	4,742.96	4,325.15	4,325.15	9.66	9.66
Govt. (Net)	4,248.77	3,873.50	3,873.50	9.69	9.69
Other Public	494.19	451.65	451.65	9.42	9.42
Private sector	16,412.29	14,942.55	14,942.55	9.84	9.84
b. Other Items (Net)	-3,734.20	-3,563.30	-3,563.30	4.80	4.80
C. Broad Money (A+B)	20,332.34	18,871.68	18,871.68	7.74	7.74

Source: Monthly Economic Trends, Bangladesh Bank

2.2 Reserve Money Development

Reserve money increased by 7.84 percent at the end of June 2024 compared to that of June 2023. Money multiplier remains same as 4.92 at the end of June 2024 in comparison to that of at the end of June 2023.

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

Items	Outstanding Stock at the end of the period			Changes in Outstanding Stock	
	Jun-24	Jun-23	Jun-23	June-24 over June-23	June-24 over June-23
Reserve money	4,136	3,836	3,836	7.84%	7.84%
Money multiplier	4.92	4.92	4.92	0.00	0.00

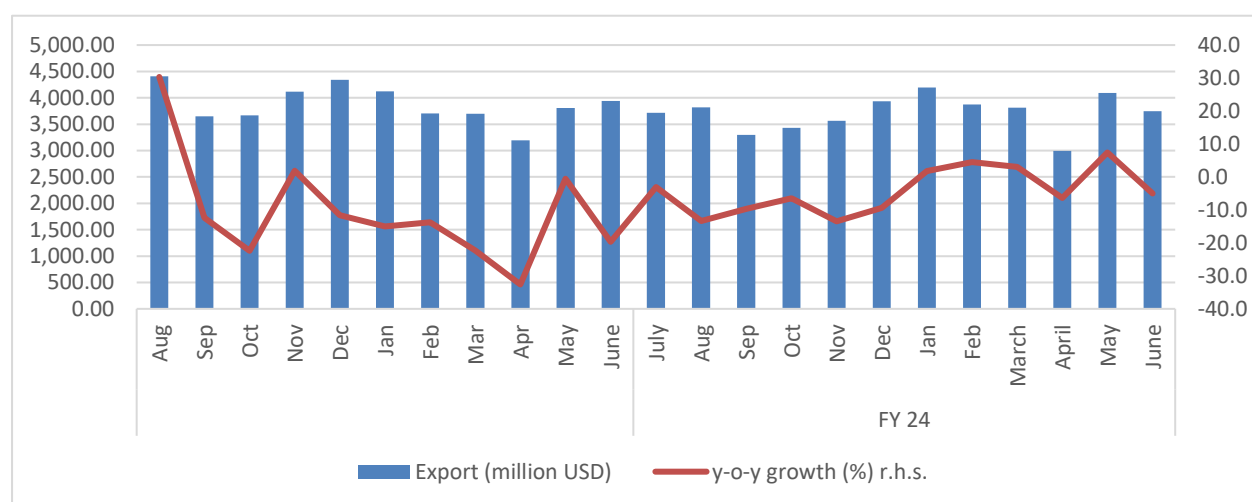
Source: Major Economic Indicators, Bangladesh Bank

3. EXTERNAL SECTOR

3.1 Exports

In June FY24, total exports growth was not at par with the strategic target. Export growth decreased by 4.34 percent during July-June FY24 compared to the exports of July-June FY23.

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\$)

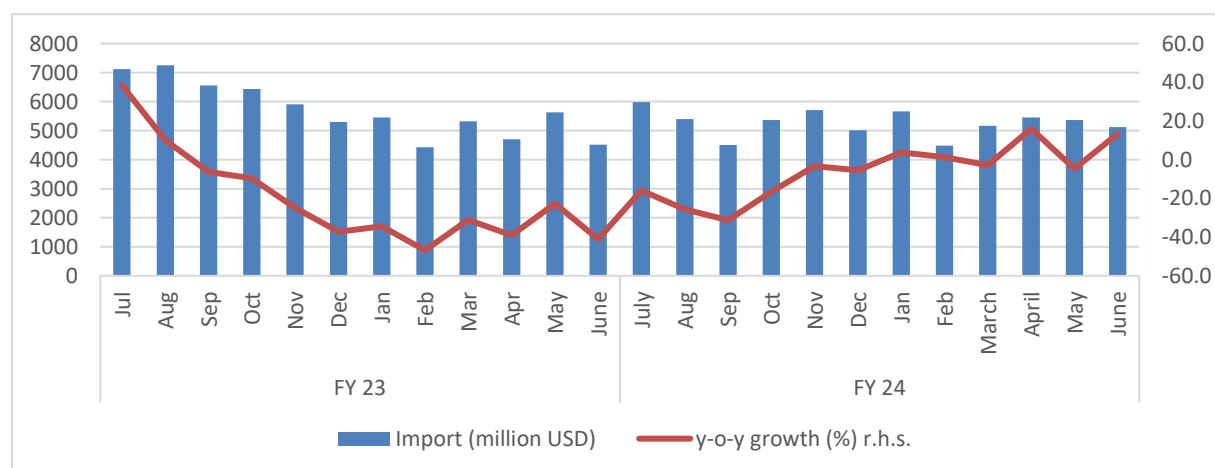
	2023-24	2022-23	2022-23	2021-22
	(July-June)	(July-June)		
Export	44,474.80	46,494.60	46,494.60	52,082.66
Growth*(%)	-4.34	-10.73	-10.73	34.38

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

3.2 Imports (C & F)

Imports decreased by 7.83 percent after June FY24 compared to that of July-June FY23. Import showing down trend due to some tightening measures taken by Bangladesh Bank.

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\$)

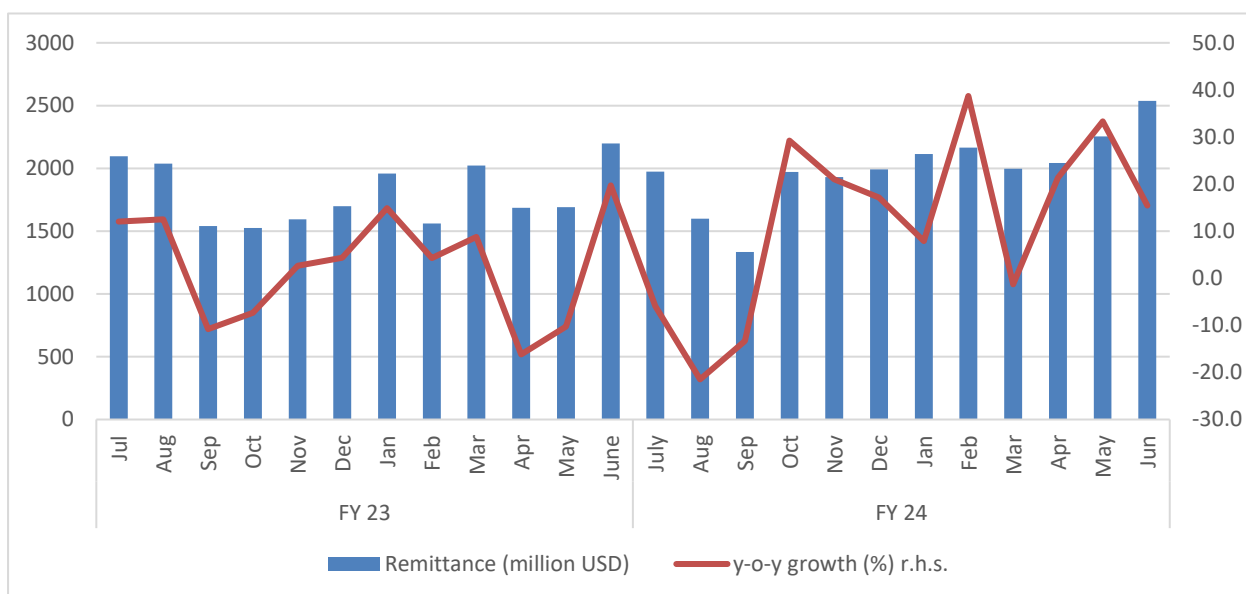
Period	2023-24	2022-23	2022-23	2021-22
	(July-June)	(July-June)		
Import payments	63,226.17	68,600.80	68,600.80	89,162.00
Growth (%)	-7.83%	-23.06	-23.06	35.93

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

3.3 Remittances

Workers' remittances after June FY24 increased by 10.65 percent to USD 23,912.22 million against USD 21,610.73 million after June FY23. Various initiatives of the Government to incentivize remittance inflow such as 2.5 percent cash incentive, easing the rules on the furnishing of documents and depreciation of exchange rate (BDT/USD) might have worked on the overseas migrants to send remittances through legal channel.

Chart 3.3: Monthly Trend of Remittance



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

Table 3.3: Remittance Performance (Million US\$)

	2023-24	2022-23	2022-23	2021-22
	(July-June)	(July-June)		
Remittances	23,912.22	21,610.73	21,610.73	21,031.68
As % of Export	53.77	46.48	46.48	40.38
As % of GDP	63.14	56.15	4.16	4.49
Growth (%)	10.65	2.76	2.76	-14.75

Source: Bangladesh Bank;

3.4 Balance of Payments (BOP)

The trade deficit gap narrowed in July-June of FY24 compared to the same period of the previous fiscal year as the import is put under stern monitoring by the Bangladesh Bank. The current account deficit decreased to US\$

6,512 million compared to a deficit of US\$ 11,633 million for the same period of the previous fiscal year. The financial account positive balance of US\$ 4,546 million was not sufficient to offset the negative current account balance of US\$ 6,512 million in June FY2024. Consequently, the overall deficit stood at US\$ 4,301 million at the end of June FY24 compared to 8,222 million US\$ deficit in the same time of the previous year.

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

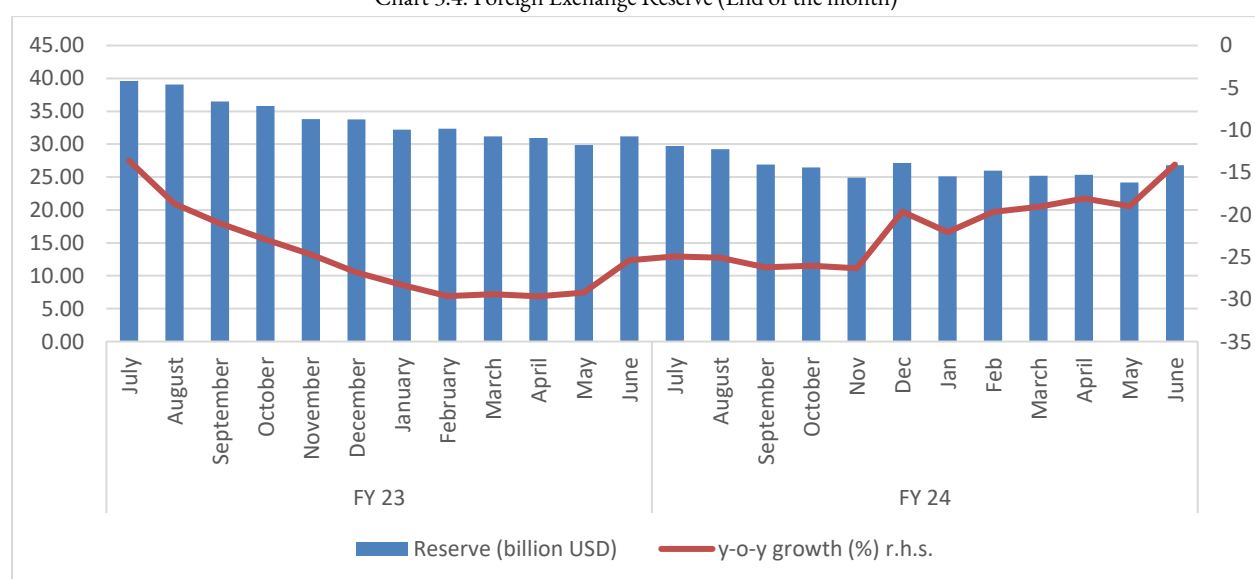
	2023-24	2022-23	2022-23	2021-22
	(July-June)	(July-June)		
Trade Balance	-22,432	-27,384	-27,384	-33,250
Current Account Balance	-6,512	-11,633	-11,633	-18,196
Capital Account	554	475	475	610
Financial Account	4,546	6,890	6,890	16,691
Error & Omission	-2,888	-3,954	-3,954	-5,761
Overall Balance	-4,301	-8,222	-8,222	-6,656

Source: Bangladesh Bank;

3.5 External Reserve

Gross foreign exchange reserves stood at USD 26.82 billion in June FY24 which was sufficient to pay import liability of 4.93 months, considering the average of the previous 12 months' imports.

Chart 3.4: Foreign Exchange Reserve (End of the month)

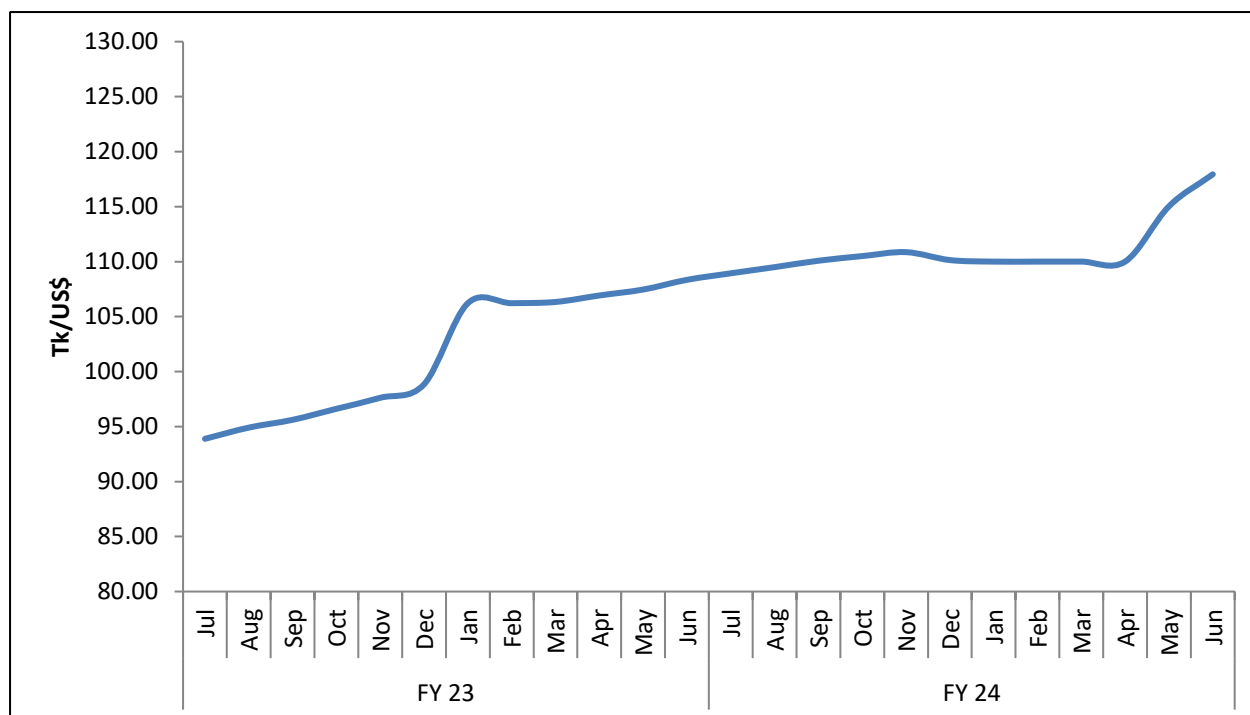


Source: Bangladesh Bank

3.6 Exchange Rate Movements

Exchange rate of Bangladesh Taka, against USD, depreciated by 8.55 percent during July-June of FY24 compared to the July-June of FY23. To contain the persistent foreign exchange pressure during FY23, Bangladesh Bank as well as the government took various policy measures; aided by steady inflow of remittances and lower import payments.

Chart 3.5: Exchange Rate Movement (Taka/US\$)



Source: Bangladesh Bank;

4. REAL SECTOR

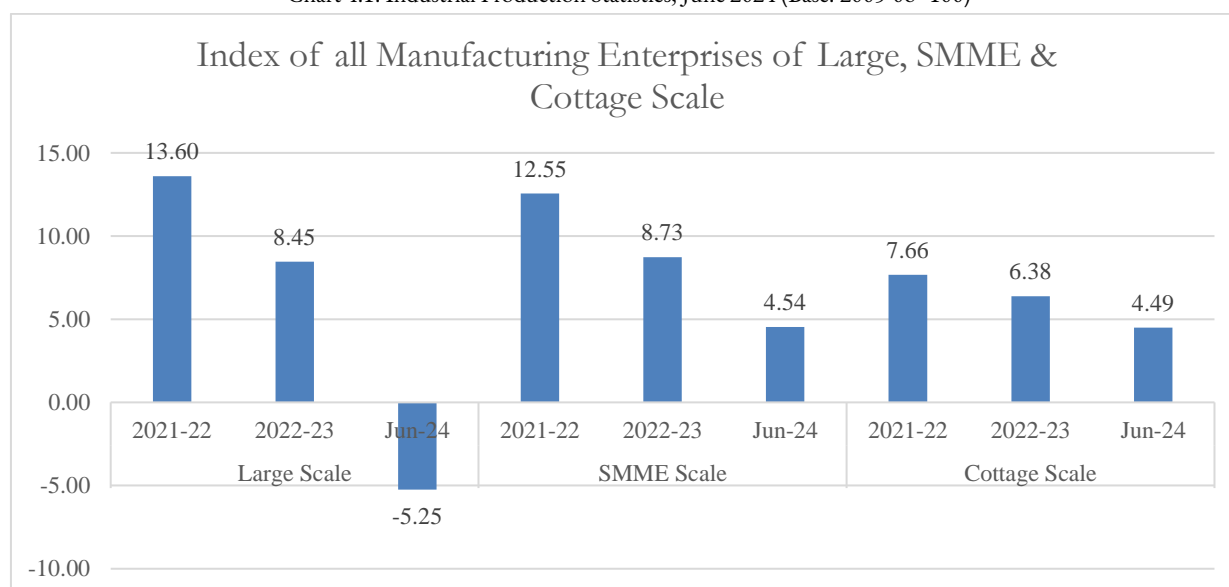
4.1 Industrial Production

The industrial production of Large Scale decreased by 5.25 percent whereas, SMME Scale and Cottage Scale increased by 4.54 percent and 4.49 percent respectively during June 2024.

Table 4.1: Industrial Production Statistics, June 2024 (Base: 2005-06=100)

	Monthly Index			2022-23	2021-22
	Jun-24	Jun-23	Change	Change	Change
Large Scale	209.91	221.54	-5.25	8.45	13.60
SMME Scale	218.96	209.46	4.54	8.73	12.55
Cottage Scale	203.26	194.52	4.49	6.38	7.66

Chart 4.1: Industrial Production Statistics, June 2024 (Base: 2005-06=100)



Source: BBS

4.2 CPI Inflation

Point to point inflation increased to 11.66 percent in June FY24 from 9.89 percent of May FY24 where food inflation increased from 10.76 to 14.10 percent, non-food inflation increased from 9.20 to 9.68 percent. On twelve-month average basis, inflation rose to 9.89 percent in June FY24 from 9.73 percent in May FY24, which is 3.73 percentage point higher than the target of 6.0 percent for FY24.

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
2021-22						
December	6.55	5.30	5.93	6.05	5.46	7.00
January	5.62	5.33	6.06	5.86	5.6	6.26
February	5.69	5.4	6.13	6.17	6.22	6.10
March	5.75	5.47	6.19	6.22	6.34	6.04
April	5.81	5.53	6.26	6.29	6.23	6.39
May	5.99	5.81	6.27	7.42	8.3	6.08
June	6.15	6.05	6.31	7.56	8.37	6.33
2022-23						
July	6.33	6.31	6.35	7.48	8.19	6.39
August	6.66	6.71	6.58	9.52	9.94	8.85
Sep	6.96	7.04	6.84	9.1	9.08	9.13
Oct	7.23	7.32	7.1	8.91	8.5	9.58
Nov	7.48	7.55	7.37	8.85	8.14	9.98
Dec	7.70	7.75	7.62	8.71	7.91	9.96
Jan	7.92	7.92	7.92	8.57	7.76	9.84
Feb	8.14	8.08	8.23	8.78	8.13	9.82
March	8.39	8.31	8.53	9.33	9.09	9.72
April	8.64	8.52	8.81	9.24	8.84	9.72
May	8.8	8.6	9.1	9.94	9.2	10.0
June	9.0	8.7	9.4	9.74	9.7	9.6
2023-24						
July	9.2	8.84	9.64	9.69	9.76	9.47
August	9.24	9.08	9.55	9.92	12.54	7.95
September	9.29	9.37	9.44	9.63	12.37	7.82
October	9.37	9.73	9.33	9.93	12.56	8.3
November	9.42	9.95	9.17	9.49	10.76	8.16
December	9.48	10.08	9.05	9.41	9.58	8.52
January	9.59	10.22	9.02	9.86	9.56	9.42
February	9.66	10.32	8.98	9.67	9.44	9.33
March	9.69	10.37	8.98	9.81	9.87	9.64
April	9.73	10.48	8.95	9.74	10.22	9.34
May	9.73	10.60	8.90	9.89	10.76	9.20
June	9.89	10.96	8.90	11.66	14.10	9.68

Source: Bangladesh Bank

4.3 GDP Growth Outlook

The latest publication of the Bangladesh Bureau of Statistics (BBS) (with the new base 2015-16) shows that GDP grew by 5.78 percent in FY23. With this growth, per capita GNI rose to US\$ 2,749 at the end of FY23. According to the Medium-Term Macroeconomic Policy Statement (FY24 to FY26), the revised growth target for FY24 is 4.22 percent.