

# **Monthly Report On Government Borrowing from Domestic Sources<sup>1</sup>**



**October, 2019**

**Research Department  
Bangladesh Bank**

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<sup>1</sup>The report has been prepared by Money and Banking Division, Research Department, Bangladesh Bank (the Central Bank of Bangladesh). Comments on any aspects of the report are highly welcome and can be sent to Farida Parveen, Deputy General Manager, Research Department, Bangladesh Bank. E-mail: [farida.parveen@bb.org.bd](mailto:farida.parveen@bb.org.bd); Arjina Akhter Efa, Joint Director, Research Department, Bangladesh Bank. E-mail: [arjina.efa@bb.org.bd](mailto:arjina.efa@bb.org.bd); Shah Md. Sumon, Assistant Director, Research Department, Bangladesh Bank. E-mail: [sm.sumon@bb.org.bd](mailto:sm.sumon@bb.org.bd).

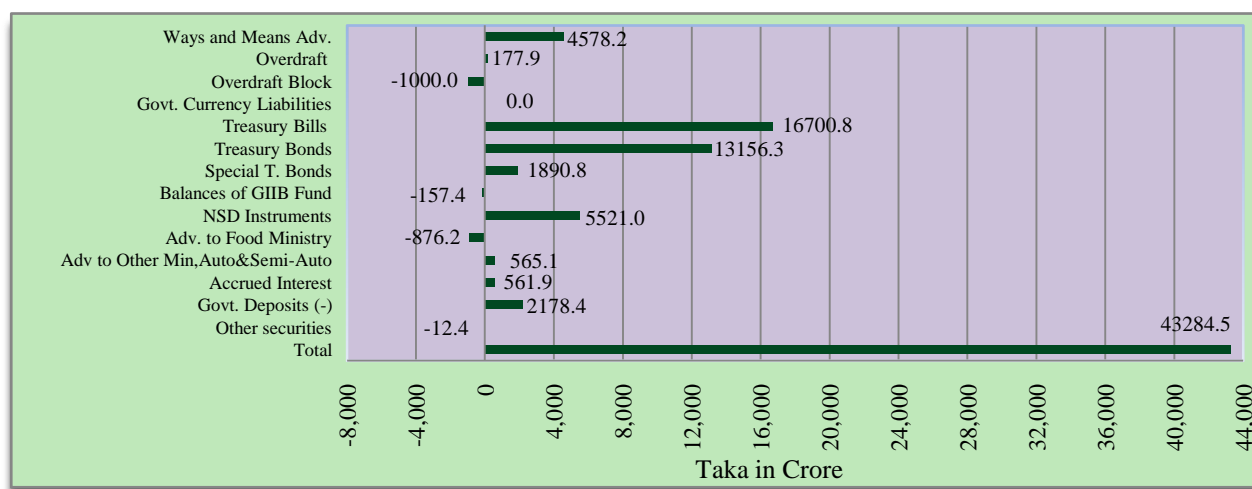
## Government Borrowing from Domestic Sources during July-October, 2019

The government borrows from two domestic sources: banking system through Treasury Bills (T-Bills) & Bonds and the non-banking system mainly through National Savings Certificate (NSC).

Government (net) domestic borrowing stood at Tk. 43284.5 crore during July-October, 2019 which includes borrowing through T-Bills & Bonds, ways and means advances (WMA), advances to food & other ministries, overdraft (OD) current and block A/C, accrued interest, advances to autonomous and semi-autonomous bodies, balances of Government Islamic Investment Bond (GIIB) fund and borrowing through NSC thereafter netting off government deposits with Bangladesh Bank and with Scheduled Banks.

The amount was Tk. 33305.5 crore and 18279.6 crore respectively during July-September, 2019 and July-October, 2018. Government (net) domestic borrowing during July-October, 2019 is 136.8 percent higher than that of the same period of the previous year. Instrument-wise government (net) domestic borrowing is depicted in Figure-1 during July-October, 2019.

**Figure-1: Instrument-wise Government (Net) Domestic Borrowing during July-October, 2019**



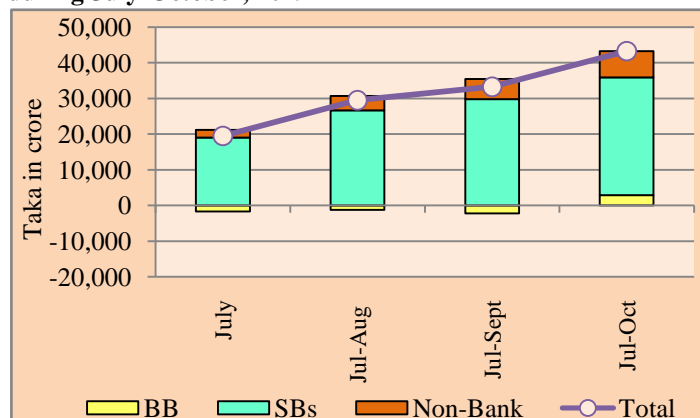
Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, October 2019.

It may be mentioned that government borrowed Tk. 5521.0 crore through NSD instruments during July-October, 2019. Through T-Bills and Bonds, government (net) borrowed Tk. 29942.4 crore from the banking system during July-October, 2019. It is observed that government (net) deposits with the banking system decreased by Tk. 2178.4 crore during this period, due to the decline in deposits with scheduled banks (SBs). However, deposits with Bangladesh Bank (BB) increased during the same period.

Government net borrowing from the banking system has been increasing continuously from July to October and in July-October, 2019 the amount stood at Tk. 35958.0 crore.

Though government borrowing from the non-bank system is not as much significantly higher as the bank borrowing, the non-bank government (net) amount stood at Tk. 7326.5 crore in July-October, 2019.

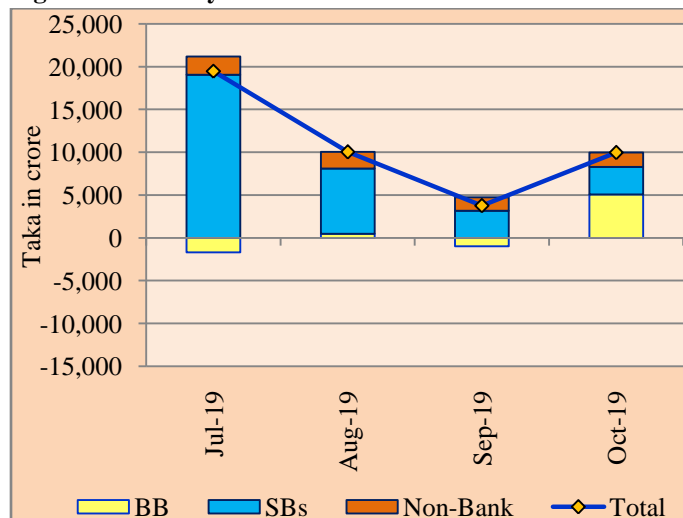
**Figure-2: Movements in Government Domestic Borrowing during July-October, 2019**



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, October 2019.

So, government borrowing from the banking system is significantly increasing in recent times. Whereas, due to major policy changes, non-bank borrowing is contributing less amount to the total government (net) domestic borrowing in the current fiscal year. As a result, government (net) borrowing from the domestic sources during July-October, 2019 stood at Tk. 43284.5 crore. The movement in government (net) borrowing from different domestic sources during July-October, 2019 is demonstrated in Figure-2.

**Figure-3: Monthly Trends in Government Domestic Borrowing during July-October, 2019**



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, October 2019.

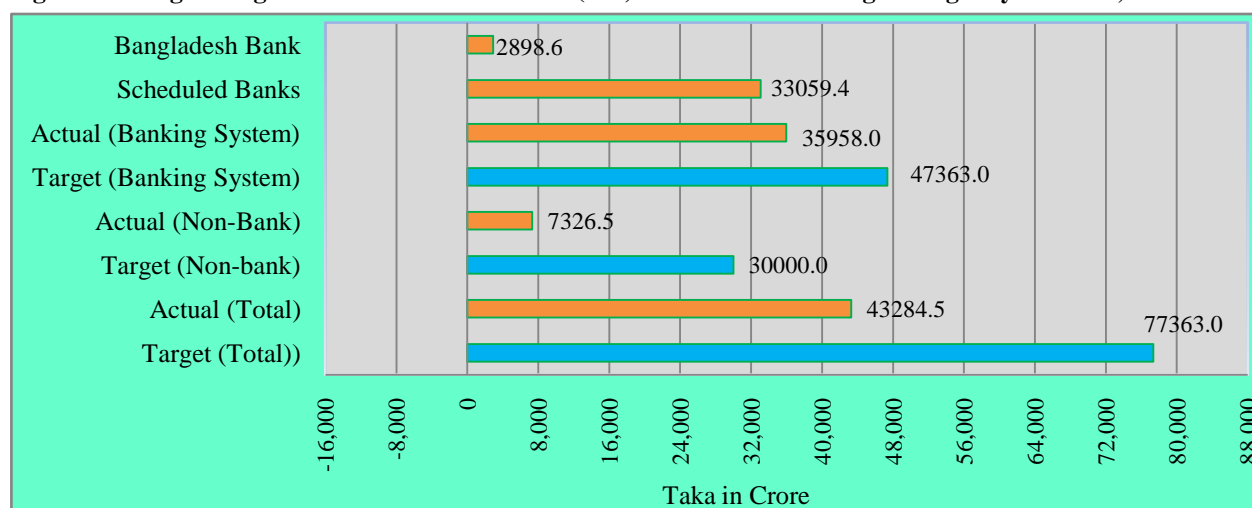
Figure-3 shows the monthly trends in government (net) domestic borrowing during the period of July-October, 2019.

Throughout the month of October, 2019, total government domestic borrowing stood at Tk. 9978.9 crore (borrowed Tk. 5094.3 crore, Tk. 3190.2 crore and Tk. 1694.4 crore from BB, SBs and non-bank respectively) which is Tk. 6214.5 crore greater than that of the month of September, 2019.

In the budget FY20, total net domestic debt has been targeted to Tk. 77363.0 crore of which Tk. 47363.0 crore from banking system net and Tk. 30000.0 crore from non-bank borrowing net sources.

A comparative picture of government total budget target and actual domestic borrowing situation during July-October, 2019 is shown in Figure-4. During July-October, 2019, the net borrowing from Bangladesh Bank stood at Tk. 2898.6 crore. Besides, the net borrowing from scheduled banks stood at Tk. 33059.4 crore. By summing the amounts from BB and SBs, the government (net) borrowing from banking system stood at Tk. 35958.0 crore during July-October, 2019. The net amount is 75.9 percent of the targeted borrowing from the banking system.

**Figure-4: Budget Target and Actual Government (Net) Domestic Borrowing during July-October, 2019**



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, October 2019.

Government borrowing from Non-banks includes borrowing using NSD instruments and T-Bills & Bonds issued by other than banks. In recent times, the non-bank government borrowing is not much increasing like the previous fiscal years. The non-bank government borrowing stood at Tk. 7326.5 crore of which Tk. 5521.0 crore was borrowed through NSD instruments during July-October, 2019. The above mentioned amount from non-bank sources covered only 24.4 percent of the targeted borrowing from the non-bank system.

The total government (net) domestic borrowings (by adding the banking and non-banking sources) stood at Tk. 43284.5 crore during July-October, 2019 which is 55.9 percent of the total targeted Net Domestic Borrowing.

### **Major Findings of the Government Borrowings from Domestic Sources:**

- From the banking system, total outstanding of Government domestic borrowings increased by Tk. 359.6 billion during July-October, 2019 compared to the outstanding of Government domestic borrowings of June, 2019. During the first four months of the current fiscal, the net amount already covered 75.9 percent of the targeted borrowing from the banking system.
- From the non-bank system, government borrowed only Tk. 73.3 billion (of which Tk. 55.2 billion through NSD instruments) during July-October, 2019. The amount from non-bank sources covered only 24.4 percent of the targeted borrowing from the non-bank system.
- Major changes in the selling process of NSD instruments including Automation & submission of TIN certificate, make the net sell amount of NSC less than before, which eventually brings down the net non-banking borrowed amount.
- The total Government (net) domestic borrowings (banking and non-banking sources) stood at Tk. 432.8 billion during July-October, 2019, which is 55.9 percent of the total targeted Net Domestic Borrowing.

Table I : Government Borrowing Position from the Banking System during July-October, FY20

(Provisional)  
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity	Objectives	Outstanding as on 30 June 19	Outstanding as on 30 September 19	Outstanding as on 31 October 19	Change (+) / (-)	
1	2	3	4	5	6	7	8=(7-6)	9=(7-5)
<b>A. Bangladesh Bank</b>								
1.	Ways and Means Advances		To increase Government cash balance	1421.8	0.0	6000.0	6000.0	4578.2
2.	Overdraft			0.0	0.0	177.9	177.9	177.9
3.	Overdraft Block			2685.0	1685.0	1685.0	0.0	-1000.0
4.	Devolvement			<b>27845.4</b>	<b>32384.8</b>	<b>32141.2</b>	<b>-243.6</b>	<b>4295.7</b>
a)	Treasury Bills			14478.4	16103.3	15859.7	-243.6	1381.3
b)	Treasury Bonds			13367.0	16281.5	16281.5	0.0	2914.5
5.	Government Currency Liabilities			2026.3	2026.3	2026.3	0.0	0.0
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	0.0	0.0
7.	Accrued Interest			264.7	524.3	646.8	122.5	382.1
8.	Government Deposits <sup>1/</sup> (-)			-34.9	-1584.9	-181.6	1403.3	-146.7
9.	BB's Balances of GIB Fund (-)			-2458.3	-5481.2	-7847.0	-2365.8	-5388.7
A.	Total : (1 +...+ 9)*			<b>31750.0</b>	<b>29554.3</b>	<b>34648.6</b>	<b>5094.3</b>	<b>2898.6</b>
<b>B. Deposit Money Banks (DMBs)</b>								
1.	Government Treasury Bills			<b>28666.1</b>	<b>44067.9</b>	<b>44237.9</b>	<b>170.1</b>	<b>15571.8</b>
i)	Treasury Bills (Less than 1 year)		To increase Government cash balance	28666.1	44067.9	44237.9	170.1	15571.8
2.	Bangladesh Govt. Treasury Bonds (BGTB)			<b>112565.7</b>	<b>118777.5</b>	<b>120749.8</b>	<b>1972.4</b>	<b>8184.1</b>
i)	2-years Bangladesh Govt. Treasury Bonds			11331.4	14190.9	14877.8	686.9	3546.5
ii)	3-years(FRTB) Bangladesh Govt. Treasury Bonds <sup>2/</sup>			112.2	112.2	112.2	0.0	0.0
iii)	5-years Bangladesh Govt. Treasury Bonds		To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	21914.9	22993.7	23103.4	109.7	1188.5
iv)	10-years Bangladesh Govt. Treasury Bonds			39364.9	39613.0	39961.5	348.5	596.6
v)	15-years Bangladesh Govt. Treasury Bonds			20974.1	22030.5	22451.6	421.1	1477.6
vi)	20-years Bangladesh Govt. Treasury Bonds			18868.3	19837.2	20243.2	406.1	1375.0
3.	Others Treasury Bonds			<b>10797.6</b>	<b>10695.9</b>	<b>12688.5</b>	<b>1992.5</b>	<b>1890.8</b>
a)	1 Year and above but less than 5 years (Specialized Bonds)			<b>40.5</b>	<b>40.5</b>	<b>40.5</b>	<b>0.0</b>	<b>0.0</b>
i)	3-Years interest free Frozen Food Treasury Bond 2021	Issued 25 June-2018 and maturity date 25 June-2021	To repay the loan of Frozen Food Industries	40.5	40.5	40.5	0.0	0.0
b)	5 Years and above (Specialized Bonds)			<b>10757.1</b>	<b>10655.4</b>	<b>12647.9</b>	<b>1992.5</b>	<b>1890.8</b>
i)	10-years (BJMC&BTMC) interest free Treasury Bond-2020	Issued 16 Jan-2011 and maturity date 16 January 2021	To repay the loan of BJMC & BTMC	204.0	204.0	204.0	0.0	0.0
ii)	25-years (Jute) Treasury Bond-2019 bearing 5.0 percent interest	Issued 30 Jun-1994 and maturity date 30 Jun-2019	To compensate for the liquidation of jute sector credit	0.0	0.0	0.0	0.0	0.0
iii)	25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest <sup>1/</sup>	Issued 1 Jul-1995 and maturity date 1 Jul-2020	To reimburse one-third of the debt due to jute mills' loan write-off by the private banks.	3.4	1.7	1.7	0.0	-1.7
iv)	12-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest <sup>3/</sup>	Issued 25 Sep-2007 and Maturity date from 25 Sep-2015 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	2822.5	2722.5	2722.5	0.0	-100.0
v)	9-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest	Issued 23 Oct-2011 and maturity date 23 October 2020, 22 & 24 respectively	To repay the loan of BJMC	1792.0	1792.0	1792.0	0.0	0.0
vi)	7-years SPTB-2020 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-	To increase Government cash balance	2000.0	2000.0	2000.0	0.0	0.0
vii)	8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-		2000.0	2000.0	2000.0	0.0	0.0
viii)	10-years SPTB-2023 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-		1935.1	1935.1	1935.1	0.0	0.0
ix)	07-years Hanif Flyover SPTB-2026 bearing 5.0 percent interest <sup>4/</sup>	Issued 30 Sep-2019 and maturity date 30 Sep-2026	To repay the loan of Hanif Flyover	0.0	0.0	1438.5	1438.5	1438.5
x)	07-years interest free Hanif Flyover SPTB-2026 <sup>5/</sup>	Issued 30 Sep-2019 and maturity date 30 Sep-2026		0.0	0.0	554.0	554.0	554.0
4.	Sub-Total : (1+2+3)			<b>152029.5</b>	<b>173541.3</b>	<b>177676.2</b>	<b>4134.9</b>	<b>25646.7</b>
5.	Prize Bond/Income Tax Bond			25.1	23.0	12.3	-10.7	-12.8
6.	Government's other Securities			4.4	4.6	4.8	0.2	0.4
7.	Advances to Food Ministry			1262.5	744.8	386.3	-358.5	-876.2
8.	Advances to Other Ministries			1678.5	1808.6	1733.3	-75.3	54.8
9.	Advances to Auto./Semi-Autonomous Bodies			1959.8	1819.0	2470.1	651.1	510.3
10.	Accrued Interest			2077.3	2211.5	2257.1	45.6	179.8
11.	Deposits of Ministries and Departments (-)			-36595.3	-31881.2	-33313.5	-1432.3	3281.8
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-46184.0	-45047.6	-47140.7	-2093.1	-956.7
13.	SB's Balances of GIB Fund (i+ii)			<b>2058.3</b>	<b>4961.3</b>	<b>7289.6</b>	<b>2328.3</b>	<b>5231.3</b>
i)	Investment to GIB Fund			10529.3	11412.3	13188.0	1775.7	2658.7
ii)	Borrowing from GIB Fund (-)			-8471.0	-6451.0	-5898.4	552.6	2572.6
B.	Total : (4+...+13)			<b>78316.1</b>	<b>108185.3</b>	<b>111375.5</b>	<b>3190.2</b>	<b>33059.4</b>
<b>Grand Total : (A+B)*</b>				<b>110066.1</b>	<b>137739.6</b>	<b>146024.1</b>	<b>8,284.5</b>	<b>35,958.0</b>

Notes: @/ Including other deposits.

1/ An amount of Tk. 1.7 crore was paid in July 2019 against the outstanding of Tk. 3.4 crore in June 2019.

2/ 3-Year (FRTB) Bangladesh Govt. Treasury Bond has been issued on 27th March, 2019.

3/ An amount of Tk. 100 crore was paid in September 2019 against the outstanding of Tk. 2822.5 crore in June 2019.

4/ 7-Years Hanif Flyover SPTB was issued on 30 September, 2019 with an amount of 1438.5 crore

5/ 7-Years interest free Hanif Flyover SPTB was issued on 30 September, 2019 with an amount of 554.0 crore

\*Including GIB Fund

Source: Debt Management Department, Statistics Department, Bangladesh Bank (Figures of Treasury Bills and Bonds (Including Special Bonds) are collected from DMD).

Table-II: Government Borrowing (Net) from Other than Banks during July-October, FY20

(Taka in Crore)

Sl. No.	Particulars	July-October, 2018				July-October, 2019			
		Sale	Repayment		Net Sale	Sale	Repayment		Net Sale
			Principal	Interest			Principal	Interest	
1	2	3	4	5	6 = (3-4)	7	8	9	10 = (7-8)
	<b>NSD Instruments</b>								
1.	Defence Savings Certificate	0.0	0.2	0.3	-0.2	0.0	0.1	0.2	-0.1
2.	5-year Bangladesh Savings Certificate	3682.6	1704.4	270.4	1978.2	2664.1	1165.6	366.7	1498.4
3.	3-year Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.	Bonus Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.	6-month interest bearing Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6.	Family Savings Certificate	8117.1	3041.1	3585.5	5076.0	5135.8	6998.0	5705.9	-1862.2
7.	3-month interest bearing Savings Certificate	9633.5	3538.8	2082.7	6094.7	4135.2	5463.2	2414.2	-1328.0
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	1754.8	632.8	694.9	1122.0	1526.3	706.1	685.7	820.2
10.	Post Office Savings Bank	<u>6076.6</u>	<u>3006.3</u>	<u>550.5</u>	<u>3070.3</u>	<u>9390.3</u>	<u>3533.7</u>	<u>810.9</u>	<u>5856.6</u>
	a) General Account	1104.8	909.3	19.7	195.6	1189.5	872.5	25.4	317.0
	b) Fixed Account	4971.8	2097.1	530.8	2874.7	8200.8	2661.2	785.5	5539.6
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	31.5	30.3	10.3	1.2	35.7	36.2	12.0	-0.4
12.	Prize Bond	23.8	10.2	8.6	13.6	29.9	10.9	9.9	19.0
13.	Wage Earners' Development Bond	487.9	70.5	329.4	417.4	548.3	68.7	368.9	479.7
14.	3-year National Investment Bond	0.0	0.5	0.0	-0.5	0.0	0.4	0.0	-0.4
15.	US \$ Premium Bond	8.6	5.1	11.0	3.6	25.9	26.8	10.3	-0.9
16.	US \$ Investment Bond	184.1	131.5	65.6	52.6	116.0	76.8	45.4	39.3
17.	<b>Total : (1+...+16)</b>	<b>30000.5</b>	<b>12171.8</b>	<b>7609.3</b>	<b>17828.8</b>	<b>23607.4</b>	<b>18086.4</b>	<b>10430.2</b>	<b>5521.0</b>
			Outstandings as on October 2018		Net Changes July-Oct, 2018		Outstandings as on October 2019		Net Changes July-Oct, 2019
18.	<b>Govt. Treasury Bills/Bonds</b>		<b>26433.0</b>		<b>107.3</b>		<b>32091.8</b>		<b>1805.4</b>
	i) Government Treasury Bills		268.28		37.3		679.64		-252.3
	<b>ii) Bangladesh Govt. Treasury Bonds (BGTBs)</b>		<b>26164.8</b>		<b>70.1</b>		<b>31412.2</b>		<b>2057.7</b>
	a) 2-year Bangladesh Government Treasury Bonds		178.76		-13.6		270.28		143.1
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.00		0.0		0.00		0.0
	c) 5-year Bangladesh Government Treasury Bonds		6154.58		84.1		6211.57		28.3
	d) 10-year Bangladesh Government Treasury Bonds		10966.12		48.4		13213.20		714.1
	e) 15-year Bangladesh Government Treasury Bonds		4213.19		128.3		5713.52		581.2
	f) 20-year Bangladesh Government Treasury Bonds		4652.10		-177.2		6003.60		591.0
19.	<b>Total Non-bank Government Borrowing (net) : (17+18)</b>				<b>17936.1</b>				<b>7326.5</b>

Sources : National Savings Directorate, Debt Management Department, BB.