

Monthly Report On
Government Domestic Borrowing¹



July, 2021

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Highlights of Government Domestic Borrowing in July, 2021

- **Budget Target of Government Domestic Borrowing for FY22** has been set at Tk. 1,13,453.0 crore.
of which:
 - **Banking system:** has been set at Tk. 76,452.0 crore.
 - **Other than banks (including NSD):** has been set at Tk. 37,001.0 crore.
of which:
 - **NSD:** has been set at Tk. 32,000.0 crore.
- In July 2021, Government borrowing (net) from the **banking system** increased by Tk. 10,575.0 crore, which was Tk. 12,947.9 crore in July 2020. Borrowing from the banking system in July 2021 was 13.8 percent of the budget target.
- Government borrowed (net) Tk. 1,998.3 crore from **other than banks** in July, 2021, which was Tk. 5,330.7 crore at the same month of the previous year. The borrowed amount was 5.4 percent of the budget target in July 2021.
- Bangladesh Government Investment Sukuk (BGIS) was introduced on December 29, 2020 to raise fund for the project ‘Safe Water Supply to the Whole Country’ with a tenor of 5 years and two tranches of issuance amounting to Tk. 4,000.0 crore each.
- The net sale of **NSD Instruments** was Tk. 2,104.0 crore in July 2021, which was 6.6 percent of its budget target. In July 2020, the net sale of NSD was Tk. 3,705.3 crore.
- Government borrowed (net) Tk. 12,573.3 crore from the domestic sources in July, 2021, which was Tk. 18,278.6 crore in July 2020. The total government borrowing (net) of July 2021 was 11.1 percent of the budget target for FY22.

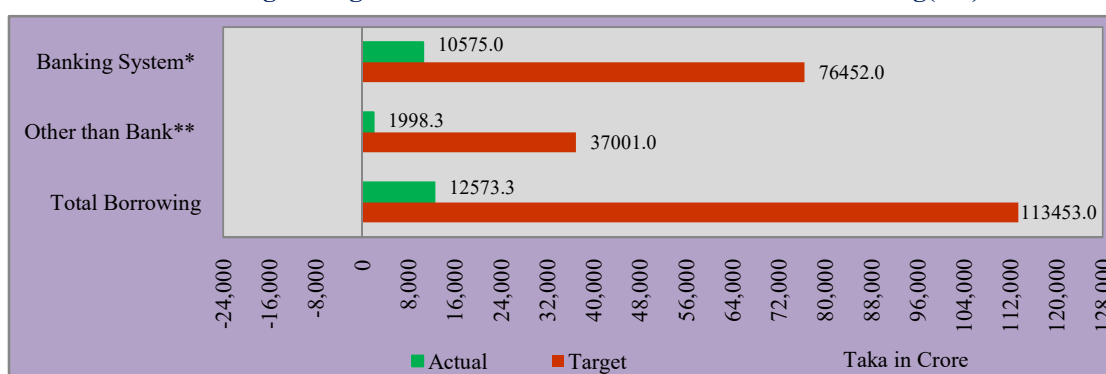
Government Domestic Borrowing in July, 2021

Government borrows to finance the budget mainly from two domestic sources: banking system and other than banks. Government borrowing from the banking system consists of borrowing from the central bank and scheduled banks. From the banking system, government borrows mainly through advances, overdraft, and the issuance of treasury bills and bonds. However, the balances of government deposits and other funds net out borrowing from the banking system. On the other hand, government borrowing from non-bank sources includes savings instruments introduced by the Department of National Savings (NSD) and government t-bills & bonds held by non-bank financial institutions, insurance companies, individual investors, etc.

1. Budget Target of Government Domestic Borrowing for FY22

The target for total domestic borrowing has been set at Tk. 1,13,453.0 crore, of which Tk. 76,452.0 crore from the banking system and Tk. 37,001.0 crore from other than banks. In July 2021, government borrowed (net) Tk. 12,573.3 crore from domestic sources, which was 11.1 percent of the budget target (Chart-1).

Chart-1: Budget Target and Actual Government Domestic Borrowing(net)[#]



Note: *=Banking System includes Bangladesh Bank and Scheduled Banks,

**=Other than bank includes NSD instruments and T-bills & bonds held by other than bank.

[#]=Actual government domestic borrowing (net) is calculated up to July, 2021.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; Department of National Savings (NSD); Ministry of Finance (MoF).

2. Borrowing from Banking System

Government borrowed (net) Tk. 12,367.3 crore from scheduled banks (SBs) in July, 2021. Contrary, government repaid Tk. 1,792.3 crore outstanding debt to Bangladesh Bank (BB). Thus, government borrowing (net) from the banking system increased by Tk. 10,575.0 crore in July, 2021, which was 13.8 percent of the budget target.

3. Borrowing from Other than Banks

In July 2021, government borrowed Tk. 2,104.0 crore from net sale of NSD instruments and repaid Tk. 105.7 crore to other than banks through t-bills & bonds. As a result, government borrowed (net) Tk. 1,998.3 crore from other than banks in July 2021, which was 5.4 percent of the budget target.

4. Total Domestic Borrowing

In July 2021, government borrowed (net) Tk. 12,573.3 crore from domestic sources. The borrowed amount was 31.2 percent lower than that of the same month of previous year (Table-1). Instrument wise government borrowing (net) is shown in Chart 2.

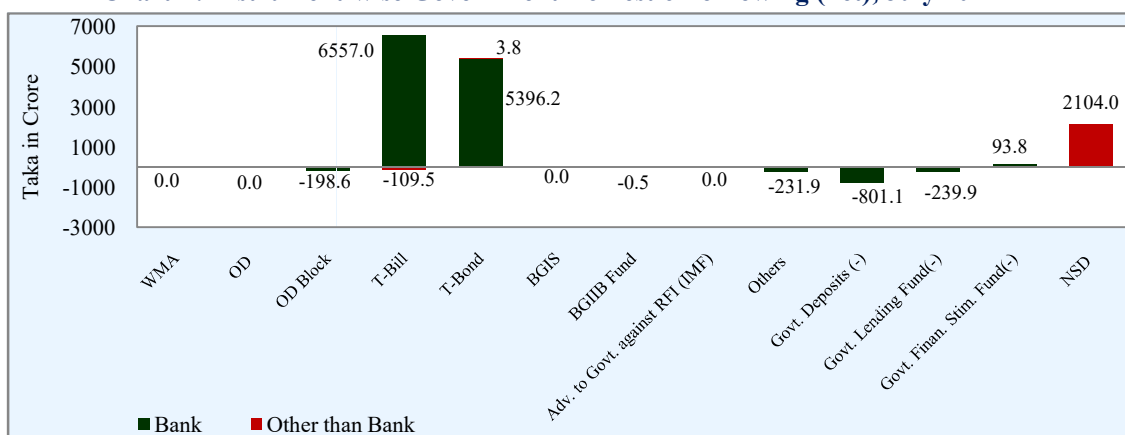
Table 1: Source-wise Government Domestic Borrowing (net)

Sources	July 2021	June 2021	July 2020	Change (From Previous Month)	Change (Over Corresponding Month)
	1	2	3	4=1-2	5=1-3
Bank*	10575.0	21073.5	12947.9	-10498.5 (-49.8)	-2372.9 (-18.3)
Other than Bank**	1998.3	5275.2	5330.7	-3276.9 (-62.1)	-3332.4 (-62.5)
Total	12573.3	26348.7	18278.6	-13775.4 (-52.3)	-5705.3 (-31.2)

Note: *=Bank includes Bangladesh Bank and Scheduled Banks. **=Other than bank includes net sale of NSD instruments and T-bills & bonds held by Non-Bank Financial Institutions (NBFIs), insurance companies, individuals etc. Figures in brackets indicate percentage changes.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; Department of National Savings (NSD).

Chart-2: Instrument-wise Government Domestic Borrowing (net), July 2021



Note: WMA=Ways and Means Advances, OD=Overdraft, BGIS=Bangladesh Govt. Investment Sukuk (Ijarah Sukuk), NSD=Savings Instruments of NSD, BGIIB= Bangladesh Govt. Islamic Investment Bond.

Others include government currency liabilities, advances to Food & other ministries, advances to Auto & Semi autonomous bodies etc.

Source: Debt Management Department & Statistics Department, Bangladesh Bank; Department of National Savings (NSD).

5. Government Islamic Securities

i) Bangladesh Government Islamic Investment Bond (BGIIB)

Due to interest bearing nature, Islamic bank could not invest its surplus liquidity in market-available monetary instruments. Considering the issue, Government introduced Bangladesh Government Islamic Investment Bond (BGIIB) in 2004 to enhance activities and develop the money market. BGIIB is operated as per rules of Islamic Shariah and the minimum tenor is 3 months.

ii) Bangladesh Government Investment Sukuk (BGIS)

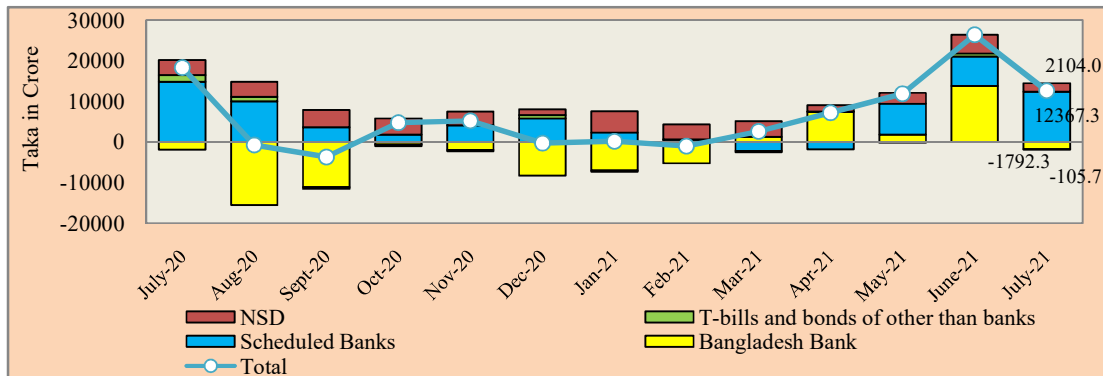
Bangladesh Government Investment Sukuk (BGIS) was introduced for the first time on 29th of December 2020 to raise fund for the project ‘Safe Water Supply to the Whole Country’. The tenor of the Sukuk was set for 5 years and Sukuk was issued in two tranches. The Sukuk was issued under *Ijarah* mode.

The first tranche of Sukuk was issued in December 2020 worth of Tk. 4,000 crore and later the second tranche was issued in June 2021 also worth of Tk. 4000 crore. In July 2021, no new auction was held against BGIS.

6. Monthly Trends of Domestic Borrowing (July, 2021)

In July 2021, government repaid Tk. 1,792.3 crore outstanding debt to Bangladesh Bank and Tk. 105.7 crore to other than banks through t-bills and bonds. On the other hand, government borrowed Tk. 12,367.3 crore from scheduled banks and Tk. 2,104.0 crore from the net sale of NSD (Chart-3).

Chart-3: Monthly Trends of Government Domestic Borrowing (net), July 2020 to July 2021



Note: NSD=Savings Instruments of NSD.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; Department of National Savings (NSD).

Table I : Government Domestic Borrowing from Banking System in July, FY22

Annex-1
(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on June-21	Outstanding as on July-21	Change (+) / (-) July-21
1	2	3	4	5	6	7=(6-5)
A. Bangladesh Bank						
1.	Ways and Means Advances		To increase Government cash balance	0.0	0.0	0.0
2.	Overdraft			0.0	0.0	0.00
3.	Overdraft Block			198.6	0.0	-198.6
4.	Devolvement			25091.3	24536.4	-555.0
	a) Treasury Bills			1440.0	1440.0	0.0
	b) Treasury Bonds			23651.3	23096.3	-555.0
5.	Government Currency Liabilities			2025.9	2025.9	0.0
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0
7.	Accrued Interest			273.0	341.6	68.6
8.	Government Deposits [@] (-)			-2773.7	-4402.3	-1628.6
9.	BB's Balances of GIIB Fund (-)			-15805.8	-15035.3	770.5
10.	Govt. Lending Fund(-)			-5210.4	-5459.6	-249.2
11.	Advances to Govt. against RFI from IMF			4126.8	4126.8	0.0
A. Total : (1+...+11)				7925.7	6133.5	-1792.3
B. Scheduled Banks (SBs)						
1.	Government Treasury Bills			49370.3	55927.4	6557.0
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	49370.3	55927.4	6557.0
2.	Bangladesh Govt. Treasury Bonds (BGTB)			203734.3	209685.4	5951.1
	i) 2-years Bangladesh Govt. Treasury Bonds			38939.0	40795.7	1856.7
	ii) 3-years(FRTB) Bangladesh Govt. Treasury Bonds		To increase long-term investment of different Banks, NBFIs and employees GF of different companies	112.2	112.2	0.0
	iii) 5-years Bangladesh Govt. Treasury Bonds			43826.2	44277.6	451.3
	iv) 10-years Bangladesh Govt. Treasury Bonds			61235.2	63362.2	2127.0
	v) 15-years Bangladesh Govt. Treasury Bonds			30415.9	31262.6	846.7
	vi) 20-years Bangladesh Govt. Treasury Bonds			29205.8	29875.2	669.4
3. Others Treasury Bonds				7064.3	7064.3	0.0
	a) 1 Year and above but less than 5 years (Specialized Bonds)			0.0	0.0	0.0
	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	0.0	0.0	0.0
	b) 5 Years and above (Specialized Bonds)			7064.3	7064.3	0.0
	i) 12-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest	Issued 25 Sep-2007 and Maturity date from 25 Sep-2015 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	1822.5	1822.5	0.0
	ii) 11-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	1314.1	1314.1	0.0
	iii) 8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2021	To increase Government cash balance	0.0	0.0	0.0
	iv) 10-years SPTB-2023 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2023		1935.1	1935.1	0.0
	v) 07-years Hanif Flyover SPTB-2026 bearing 5.0 percent interest	Issued 30 Sep-2019 and maturity date 30 Sep-2026	To repay the loan of Hanif Flyover	1438.5	1438.5	0.0
	vi) 07-years interest free Hanif Flyover SPTB-2026	Issued 30 Sep-2019 and maturity date 30 Sep-2026		554.0	554.0	0.0
4.	Bangladesh Govt. Investment Sukuk (BGIS) [#]			7799.97	7799.97	0.00
	i) 05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) ^{1/}	Issued 29 Dec-2020 and maturity date 29 Dec-2025	To raise fund for the project 'Safe Water Supply to the Whole Country'	7799.97	7799.97	0.00
5. Sub-Total : (1+2+3+4)				267969.0	280477.1	12508.2
6.	Prize Bond/Income Tax Bond			28.4	15.7	-12.7
7.	Government's other Securities			5.2	5.0	-0.2
8.	Advances to Food Ministry			1002.0	1604.5	602.5
9.	Advances to Other Ministries			1499.5	1472.7	-26.8
10.	Advances to Auto./Semi-Autonomous Bodies			3279.1	2749.7	-529.4
11.	Accrued Interest			3123.9	2790.0	-333.9
12.	Deposits of Ministries and Departments (-)			-34984.3	-33471.1	1513.2
13.	Deposits of Auto./Semi-Autonomous Bodies (-)			-61192.3	-61878.0	-685.7
14.	SBs's Balances of GIIB Fund (i+ii)			15487.2	14716.2	-771.0
	i) Investment to GIIB Fund			16753.0	15782.0	-971.0
	ii) Borrowing from GIIB Fund (-)			-1265.8	-1065.8	200.0
15.	Borrowing from Govt. on Lending(-)			-1863.9	-1854.6	9.3
16.	Borrowing from Govt. Financial Stimulus Fund(-)			-4409.4	-4315.6	93.8
B. Total : (5+...+16)				189944.4	202311.6	12367.3
Grand Total : (A+B)*				197870.1	208445.1	10575.0

Notes:

[@] Including other deposits.

[#] BGIS(1st Tranche) issued on 29 December 2020 and BGIS (2nd Tranche) issued on 10 June 2021 to raise fund for the project 'Safe Water Supply to the Whole Country'.

^{1/} An amount of Tk. 3999.97 crore (1st Tranche) and Tk. 3800.00 crore (2nd Tranche) were issued in December 2020 and June 2021 respectively through Ijarah Sukuk from Islamic Banks, Islamic Windows and Conventional Banks.

* Including GIIB Fund, Govt. Lending Fund and Govt. Financial Stimulus Fund.

Source: Debt Management Department, Statistics Department, Bangladesh Bank.

Table-II: Government Domestic Borrowing from Other than Bank in July, FY22

Annex-2
(Taka in Crore)

Sl. No.	Particulars	July, 2020			July, 2021				
		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)
	NSD Instruments								
1.	Defence Savings Certificate	0.0	0.1	0.1	-0.1	0.0	0.0	0.0	0.0
2.	5-year Bangladesh Savings Certificate	808.4	264.4	72.8	544.0	570.2	279.8	114.3	290.5
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	3028.5	1532.0	1097.5	1496.4	2485.0	1006.6	1047.2	1478.4
7.	3-month interest bearing Savings Certificate	2560.1	1785.8	577.9	774.4	1785.3	1119.8	501.1	665.4
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	626.2	329.7	184.8	296.5	409.8	205.4	195.1	204.4
10.	Post Office Savings Bank	1447.6	1015.1	236.1	432.5	46.1	545.9	166.8	-499.8
	a) General Account	177.5	196.1	7.7	-18.7	16.2	78.0	14.0	-61.9
	b) Fixed Account	1270.2	819.0	228.4	451.2	29.9	467.9	152.9	-438.0
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	9.5	8.5	3.0	1.0	8.2	7.4	2.3	0.8
12.	Prize Bond	5.2	0.0	5.7	5.2	1.0	0.0	0.6	1.0
13.	Wage Earners' Development Bond	163.3	49.5	54.4	113.8	57.1	36.2	49.2	20.9
14.	3-year National Investment Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15.	US \$ Premium Bond	10.8	3.0	1.5	7.8	0.4	0.0	0.0	0.4
16.	US \$ Investment Bond	46.1	12.4	9.9	33.8	2.0	60.0	15.6	-58.0
17.	Total : (1+...+16)	8705.6	5000.4	2243.5	3705.3	5365.0	3261.0	2092.2	2104.0
			Outstandings as on July, 2020		Net Changes July, 2020	Outstandings as on July, 2021		Net Changes July, 2021	
18.	Govt. Treasury Bills/Bonds/BGIS		40385.7		1625.4		41085.6		-105.7
	i) Government Treasury Bills		2230.94		172.8		348.92		-109.5
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		38154.7		1452.6		40536.7		3.8
	a) 2-year Bangladesh Government Treasury Bonds		1881.73		706.6		1771.4		-46.2
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.00		0.0		0.0		0.0
	c) 5-year Bangladesh Government Treasury Bonds		7969.46		37.9		7799.4		-156.9
	d) 10-year Bangladesh Government Treasury Bonds		15511.77		496.8		16952.1		73.0
	e) 15-year Bangladesh Government Treasury Bonds		6422.61		105.0		6817.4		3.3
	f) 20-year Bangladesh Government Treasury Bonds		6369.19		106.3		7196.4		130.6
	iii) Bangladesh Government Investment Sukuk(BGIS) [#]		0.00		0.00		200.03		0.00
	a) 05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) ^{1/}		0.00		0.00		200.03		0.0
19.	Total Non-bank Government Borrowing (net) : (17+18)				5330.7				1998.3

Notes:

[#] BGIS (1st Tranche) issued on 29 December 2020 and BGIS (2nd Tranche) issued on 10 June 2021 to raise fund for the project 'Safe Water Supply to the Whole Country'.

^{1/} An amount of Tk. 0.03 crore (1st Tranche) and Tk. 200.0 crore (2nd Tranche) were issued in December 2020 and June 2021 respectively through Ijarah Sukuk from Non-bank (Individual Investor and Others).

Sources : National Savings Directorate; Debt Management Department, Bangladesh Bank.