

Monthly Report On Government Borrowing from Domestic Sources

July-April of FY16¹

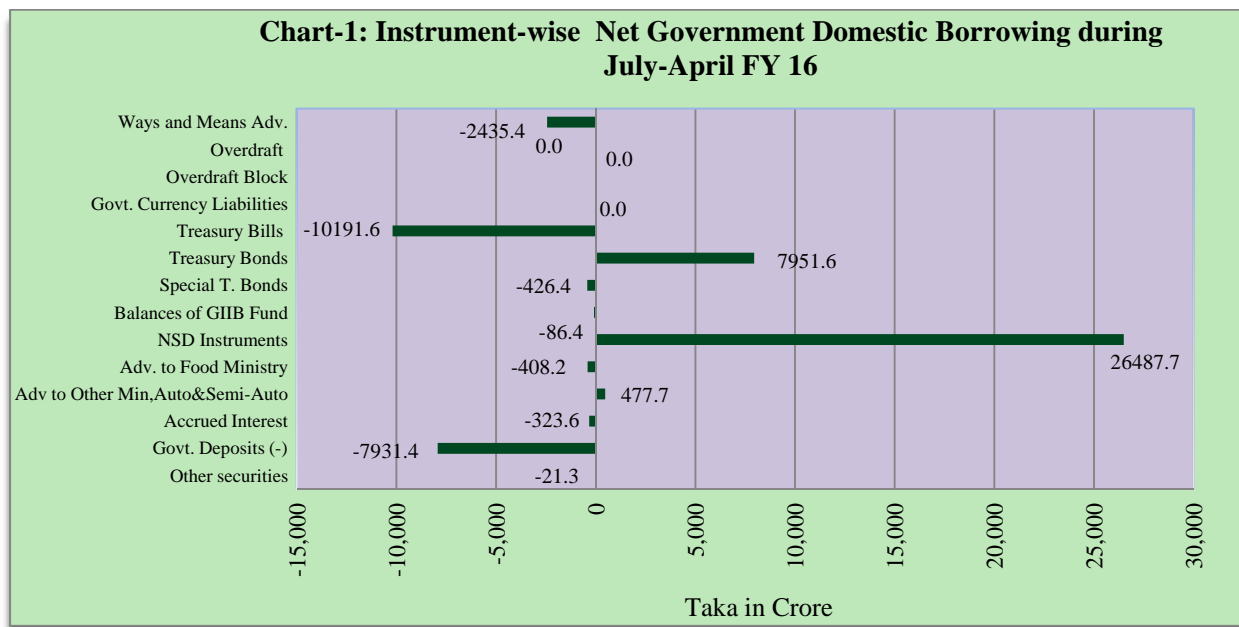


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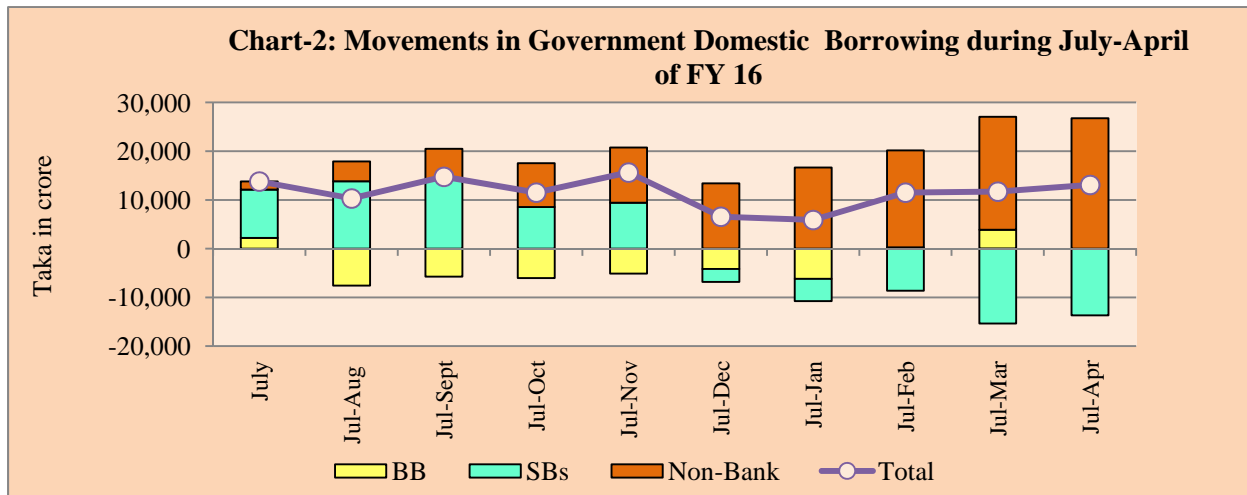
. Government Borrowing from Domestic Sources during July-April of FY16

Government borrows both from domestic and external sources to meet its fiscal deficits. Govt. domestic borrowing sources are banks (Bangladesh Bank and Scheduled Banks) and other than banks. Govt. borrows mainly from banking system through Treasury Bills (TBs) and Bonds (BGTBs); in addition to that govt. borrows from non-banking sources through National Savings Directorate (NSD). It is observed that the govt. borrowed Tk.7525.2 crore (net) through Bonds and repaid net of Tk.10191.6 crore through Treasury Bills during July-April of FY16. Govt. borrowed Tk. 26487.7 crore through NSD instruments during the period under report.

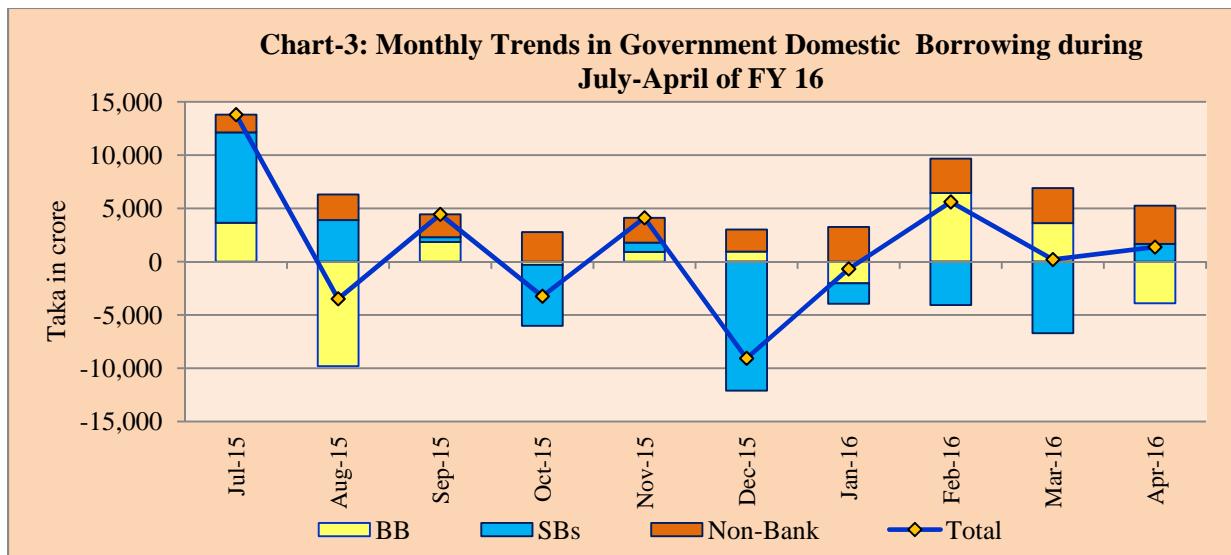


Net govt. domestic borrowing stood at Tk.13092.7 crore during July-April of FY16 after the adjustments with Treasury Bills and Bonds, NSD, Ways and Means Advances (WMA), advances to Food Ministry and other Ministries, Overdraft (OD) current and block accounts, accrued interest, and advances and deposits of autonomous and semi-autonomous bodies, balances of GIIB (Government Islamic Investment Bond) fund as well as deduction of cash balance in the form of govt. deposits with Bangladesh Bank and scheduled banks (i.e. including banking and nonbanking sources). During the period, govt. deposits increased by Tk. 7931.4 crore (net) with the banking system. Deposits with Bangladesh Bank (BB) increased by Tk. 2054.0 crore whereas deposits with scheduled banks (SBs) increased by Tk.5877.4 crore. Instrument-wise net govt. domestic borrowing during July-April' 16 is depicted in chart-1.

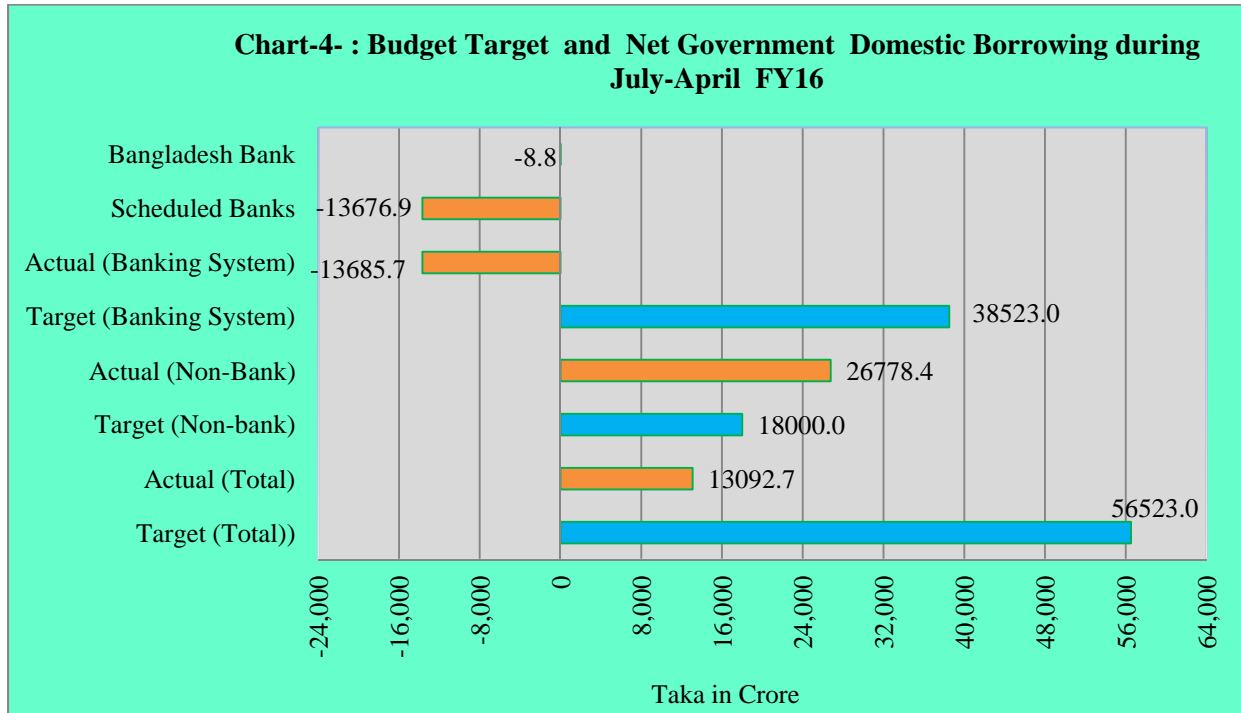
After the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies, the govt. has made large amount of repayment and holding cash balances through banking system during July-April of FY16. Repayment of govt. or holding cash amount with BB and SBs stood at Tk. 8.8 and Tk.13676.9 crore respectively. In contrast, Govt. borrowed Tk. 26778.4 crore from other than banking sources (including NSD, Treasury Bills and Treasury Bonds) during the period. The movement in net govt. borrowing from different domestic sources during July-April of FY16 is demonstrated in chart-2.



Monthly movement of government's net domestic borrowing is represented in chart-3. During the month of April'2016, govt. holding of cash balances or repayments was more than borrowings from the banking system and net govt. borrowings increased in April'2016 compared to the previous month.



In the budget of FY16, Tk.56523.0 crore was targeted for borrowing from domestic sources by the government of which Tk.38523.0 crore from the banking sources and Tk.18000 crore from non-banking sources (of which Tk.15000 crore from savings instrument). During July-April of FY16, the total repayment and holding of cash balances with BB and SBs stood at Tk.8.8 crore and Tk.13676.9 crore respectively.



As a result, govt. repayments and holding of cash balances with the banking system during this period stood at Tk.13685.7 crore. During this period, net repayments was Tk. 2666.5 crore through T-Bills and T-Bonds from the banking system. Moreover, government borrowed Tk. 26778.4 crore from other than banks (including NSD, T-Bills and Bonds), which exceeds the total budget target from non-banking sources. Government borrowed Tk. 26487.7 crore through NSD instruments during the period which was also more than the target fixed in FY16 because the rate of interest of NSD Certificates is significantly higher than any market rates prevailing in Bangladesh. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 13092.7 crore after the adjustment with government deposits and other items during July-April of FY16, which covered 23.2 percent of total budget target of govt. borrowings. A comparative picture of government total budget target and actual domestic borrowing situation during July-April of FY16 is shown in chart-4.

Major changes/findings of the govt. borrowings:

- During July-April of FY16, govt. repayments and holding of cash balances with the banking system stood at Tk.13685.7 crore which was Tk.11467.0 crore during July-March of FY16.
- During this period, net repayments was Tk. 2666.5 crore through T-Bills and T-Bonds from the banking system whereas it was Tk. 4876.7 crore during July-March of FY16.
- Government borrowed Tk. 26778.4 crore from other than banks (including NSD, T-Bills and Bonds), which exceeds the total budget target from non-banking sources.
- Government borrowed Tk. 26487.7 crore through NSD instruments during the period which was also more than the target fixed in FY16 because the rate of interest of NSD Certificates is significantly higher than any market rates prevailing in Bangladesh.
- The total net government domestic borrowing (banking and non-banking sources) stood at Tk. 13092.7crore after the adjustment with government deposits and other items during July-April of FY16, which covered 23.2 percent of total budget target of govt. borrowings. Compared to this period, the amount was Tk. 11718.9 crore during July- March of FY16, which covered 20.7 percent of total budget target of govt. borrowings.

Table I : Government Borrowing Position from the Banking System during July-April of FY16

Sl. No	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 15	Outstanding as on 31 March 16	Outstanding as on 30 April 16	(Provisional) (Taka in crore)	
							Change (+) / (-)	
1	2	3	4	5	6	7	8=(7-6)	9=(7-5)
A. Bangladesh Bank								
1.	Ways and Means Advances		To increase Government	2435.4	1604.3	0.0	-1604.3	-2435.4
2.	Overdraft			0.0	0.0	0.0	0.00	0.0
3.	Overdraft Block			8685.0	8685.0	8685.0	0.0	0.0
4.	Devovement			107.3	1973.4	1973.4	0.0	1866.1
a)	Treasury Bills			0.0	615.3	615.3	0.0	615.3
b)	Treasury Bonds			107.3	1358.2	1358.2	0.0	1250.9
5.	Government Currency Liabilities			822.7	822.7	822.7	0.0	0.0
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	0.0	0.0
7.	Accured Interest			2.9	22.0	32.2	10.2	29.3
8.	Government Deposits ^{0/} (-)			-135.7	-50.9	-2189.7	-2138.8	-2054.0
9.	BB's Balances of GIB Fund (-)			-11108.3	-8363.4	-8523.1	-159.7	2585.2
A.	Total : (1 +...+ 8)*			809.3	4693.1	800.5	-3892.6	-8.8
B. Deposit Money Banks (DMBs)								
1. Government Treasury Bills								
i)	Treasury Bills (Less than 1 year)		To increase Government	30544.7	19541.0	19927.5	386.5	-10617.2
				30544.7	19541.0	19927.5	386.5	-10617.2
2. Bangladesh Govt. Treasury Bonds (BGTB)								
i)	2-years Bangladesh Govt. Treasury Bonds		To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	8740.5	8305.0	8658.4	353.4	-82.0
ii)	5-years Bangladesh Govt. Treasury Bonds			26550.7	25921.2	26028.1	106.9	-522.5
iii)	10-years Bangladesh Govt. Treasury Bonds			35227.6	37648.3	38020.0	371.8	2792.4
iv)	15-years Bangladesh Govt. Treasury Bonds			12860.4	14434.3	14819.3	385.0	1958.9
v)	20-years Bangladesh Govt. Treasury Bonds			9095.4	10855.3	11169.0	313.8	2073.6
				14330.5	13904.1	13904.1	0.0	-426.4
3. Others Treasury Bonds (a+b)								
a) 1 Year and above but less than 5 years (Specialized Bonds)								
i)	3-Years and 4-years (BPC) Treasury Bond bearing 7.0 percent interest ^{0/}	Issued 5 Oct-2011 and maturity date 5 October 2014 & 2015 respectively	To repay the loan of Bangladesh Petroleum Corporation	200.0	0.0	0.0	0.0	-200.0
b) 5 Years and above (Specialized Bonds)								
i)	6, 7 & 10-years (BJMC&BTMC) interest free Treasury Bond-2016, 2017 & 2020	Issued 16 Jan-2011 and maturity date 16 January 2017, 18 & 21 respectively	To repay the loan of BJMC & BTMC	677.9	677.9	677.9	0.0	0.0
ii)	25-years (Jute) Treasury Bond-2018 bearing 5.0 percent interest	Issued 1 Nov-1993 and maturity date 1 Nov-2018	To compensate for the liquidation of jute sector credit	76.8	53.2	53.2	0.0	-23.6
iii)	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	53.3	53.3	53.3	0.0	0.0
iv)	25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest ^{0/}	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	14.4	11.6	11.6	0.0	-2.7
v)	10-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest ^{0/}	Issued 25 Sep-2007 and Maturity date from 25 Sep-2014 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	3122.5	2922.5	2922.5	0.0	-200.0
vi)	5-years and 6-years (BPC) Treasury Bond bearing 7.0 percent interest	Issued 5 Oct 2011 and 26 Dec 2011 and Maturity date 5 Oct-2016 and 26 Dec-2017	To repay the loan of Bangladesh Petroleum Corporation	2100.0	2100.0	2100.0	0.0	0.0
vii)	5-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest	Issued 23 Oct-2011 and maturity date 23 October 2016, 20, 22 & 24 respectively	To repay the loan of BJMC	2150.4	2150.4	2150.4	0.0	0.0
viii)	7-years SPTB-2020 bearing 7.0 percent interest	Issued 29 June-2013 and	To increase Government cash balance	2000.0	2000.0	2000.0	0.0	0.0
ix)	8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and		2000.0	2000.0	2000.0	0.0	0.0
x)	10-years SPTB-2023 bearing 7.0 percent	Issued 29 June-2013 and		1935.1	1935.1	1935.1	0.0	0.0
4. Sub-Total : (1+2+3)				137349.7	130609.1	132526.4	1917.3	-4823.2
5.	Prize Bond/Income Tax Bond			32.5	28.9	11.2	-17.7	-21.3
6.	Government's other Securities			2.9	2.8	2.9	0.1	0.0
7.	Advances to Food Ministry			590.7	233.6	182.5	-51.1	-408.2
8.	Advances to Other Ministries			1177.9	1241.0	1323.7	82.7	145.8
9.	Advances to Auto./Semi-Autonomous Bodies			1565.6	1889.3	1897.5	8.2	331.9
10.	Accrued Interest			3344.0	2609.0	2991.1	382.1	-352.9
11.	Deposits of Ministries and Departments (-)			-17615.2	-20139.8	-20286.1	-146.3	-2670.9
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-29501.4	-32053.6	-32707.9	-654.3	-3206.5
i)	Investment to GIB Fund			13498.7	11819.2	12437.9	618.7	-1060.8
ii)	Borrowing from GIB Fund (-)			-2539.6	-3684.6	-4150.4	-465.8	-1610.8
B. Total : (4+...+13)				107905.8	92554.9	94228.8	1673.9	-13676.9
Grand Total : (A+B)*				108715.0	97248.1	95029.3	-2218.7	-13,685.7

Notes: @/ Including other deposits

1/ 2 year Bangladesh Government Treasury Bond was introduced in May 2013

1/ An amount of Tk. 2.7 crore was paid in July 2015 against the outstanding of Tk. 14.4 crore in June 2015

2/ An amount of Tk. 200 crore was paid in September 2015 against the outstanding of Tk. 3122.54 crore in June 2015

3/ An amount of Tk. 200 crore was paid in October 2015 against the outstanding of Tk. 200 crore in June 2015

4/ 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-April of FY16

(Taka in Crore)

Sl. No.	Particulars	July-April 2015			Net Sale 6 = (3-4)	July-April 2016			Net Sale 10 = (7-8)
		Sale	Repayment			Sale	Repayment		
			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	4.8	8.1	-4.8	0.0	4.7	4.3	-4.7
2.	5-year Bangladesh Savings Certificate	5270.7	2917.4	1473.3	2353.4	4908.9	2109.5	862.0	2799.4
3.	3-year Savings Certificate	0.0	0.0	0.0	0.0	0.0	11.4	0.0	-11.4
4.	Bonus Savings Certificate	0.0	0.2	0.0	-0.2	0.0	0.0	0.0	0.0
5.	6-month interest bearing Savings Certificate	0.0	5.0	1.4	-5.0	0.0	0.0	0.0	0.0
6.	Family Savings Certificate	12662.0	809.1	2728.0	11852.9	15231.9	3645.4	3898.7	11586.5
7.	3-month interest bearing Savings Certificate	9330.3	2047.5	1445.9	7282.7	11539.3	4742.8	1960.6	6796.5
8.	Jamanat Savings Certificate	0.0	0.1	0.0	-0.1	0.0	5.3	0.4	-5.3
9.	Pensioner Savings Certificate	1522.0	1272.3	667.0	249.7	2667.9	1470.5	625.1	1197.4
10.	Post Office Savings Bank	5370.7	3419.8	813.5	1951.0	7161.3	4115.7	1085.6	3045.6
	a) General Account	1093.4	1000.4	39.8	93.1	1407.1	1165.1	35.3	242.0
	b) Fixed Account	4277.3	2419.4	773.7	1857.9	5754.2	2950.6	1050.3	2803.7
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	73.5	77.0	0.0	-3.5	63.0	85.4	0.5	-22.4
12.	Prize Bond	53.2	32.8	11.8	20.4	55.5	36.8	10.8	18.7
13.	Wage Earners' Development Bond	634.8	301.4	716.9	333.4	1083.0	169.7	474.3	913.3
14.	3-year National Investment Bond	0.0	1.1	0.2	-1.1	0.0	0.8	0.2	-0.8
15.	US \$ Premium Bond	34.8	27.2	13.3	7.6	36.5	35.2	19.9	1.3
16.	US \$ Investment Bond	222.3	117.4	57.5	104.9	360.9	187.5	94.1	173.4
17.	Total : (1+...+15)	35174.1	11033.1	7937.0	24141.1	43108.2	16620.5	9036.6	26487.7
					Net Changes				Net Changes
			Outstandings as on April 2015			Outstandings as on April 2016			
18.	Govt. Treasury Bills/Bonds		21688.7		4060.3		23866.7		290.7
	i) Government Treasury Bills		221.4		147.5		695.1		-189.7
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		21467.3		3912.7		23171.6		480.3
	a) 2-year Bangladesh Government Treasury Bonds		693.9		205.8		367.6		-498.0
	b) 5-year Bangladesh Government Treasury Bonds		5726.1		711.0		5953.1		83.7
	c) 10-year Bangladesh Government Treasury Bonds		8197.9		1968.6		9575.6		759.6
	d) 15-year Bangladesh Government Treasury Bonds		2710.7		563.0		3014.5		158.6
	e) 20-year Bangladesh Government Treasury Bonds		4138.8		464.4		4260.9		-23.6
19.	Total Non-bank Government Borrowing (net) : (17+18)				28201.4				26778.4

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