

Monthly Report On Government Borrowing from Domestic Sources¹

July-April, FY18



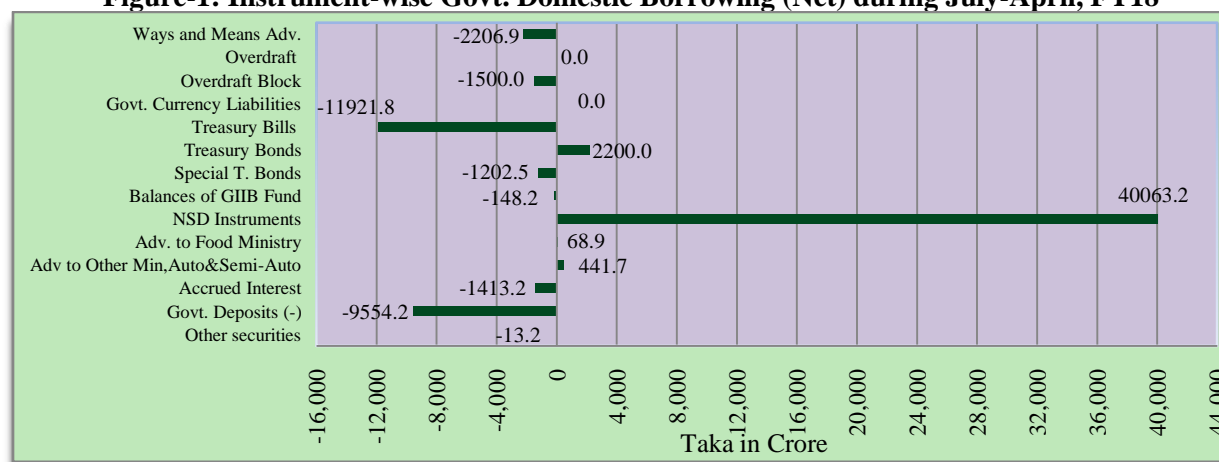
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Government Borrowing from Domestic Sources in July-April, FY18

The government borrows from two domestic sources: banking system through Treasury Bills (T-Bills) & Bonds and the non-banking system mainly through National Savings Directorate (NSD). Instrument-wise govt. domestic borrowing (net) during July-April, FY18 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July-April, FY18



Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, April 2018

Govt. domestic borrowing (net) stood at Tk. 14813.9 crore during July-April, FY18 after the adjustments with T-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).

It may be noted that the amount was Tk. 14846.6 crore and Tk. 11245.3 crore during July-March of FY18 and July-April of FY17 respectively. The govt. domestic borrowing (net) during July-April, FY18 is 31.7 percent higher than that of the same period of the previous year. It may be mentioned that Govt. borrowed Tk. 40063.2 crore through NSD instruments in July-April, FY18. It is observed that govt. deposits increased by Tk. 9554.2 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 131.7 crore and deposits with scheduled banks (SBs) increased by Tk. 9422.5 crore.

Govt. repaid (net) Tk. 11731.3 crore through T-Bills and Bonds to the banking system during July-April, FY18.

From Figure-2, it is observed that the net borrowing from banking system was negative in July, FY18.

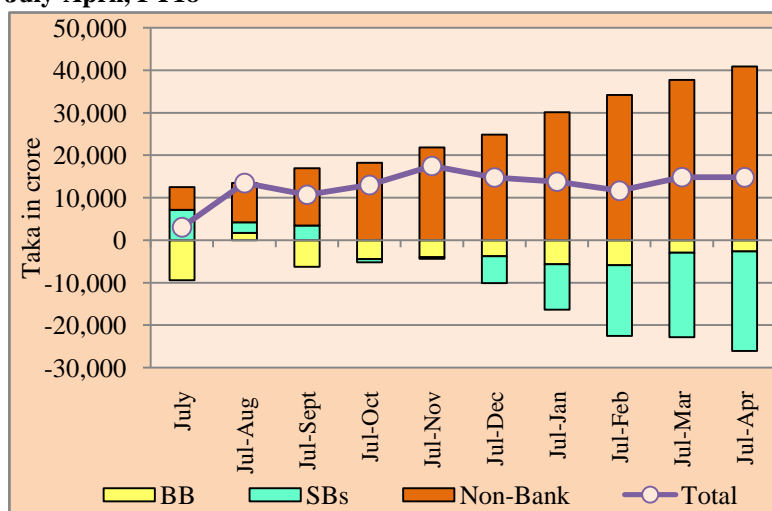
But, Govt. borrowing from banking system was positive during July-August, FY18. After that, the net borrowing through banking system decreased successively.

Govt. borrowing from the banking system decreased by Tk. 26056.3 crore during July-April, FY18.

On the other hand, non-bank govt. borrowing (net) stood at Tk. 40870.2 crore during July-April, FY18.

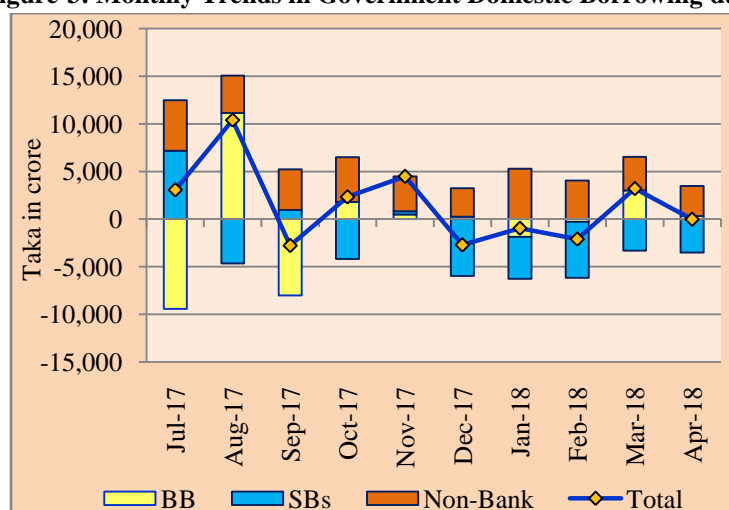
As a result, govt. borrowing (net) from the domestic sources during July-April, FY18 stood at Tk. 14813.9 crore. The movement in net govt. borrowing from different domestic sources during July-April, FY18 is demonstrated in Figure-2.

Figure-2: Movements in Government Domestic Borrowing during July-April, FY18



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, April, 2018.

Figure-3: Monthly Trends in Government Domestic Borrowing during July-April of FY18



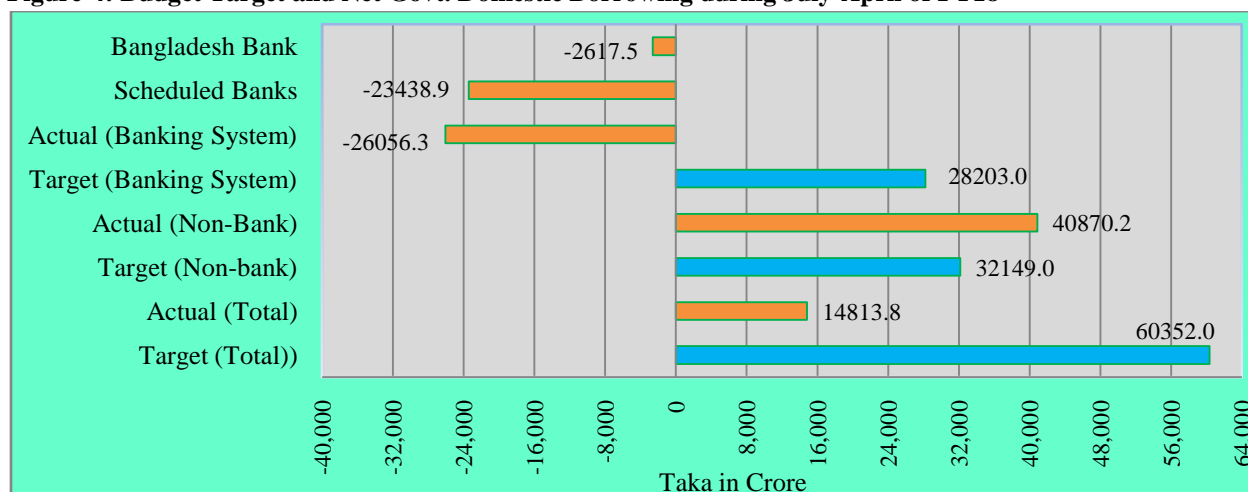
Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, April 2018.

Figure-3 shows the monthly movement of government net domestic borrowing during July-April of FY18.

During the month of April, 2018, Govt. domestic borrowing decreased by Tk. 32.8 crore (borrowed Tk. 304.2 crore from BB, Tk. 3170.1 crore from non-bank and repaid Tk. 3507.1 crore to SBs) which is Tk. 3228.1 crore lower than that of the month of March, 2018.

In the budget of FY18, Tk. 60352.0 crore has been fixed for borrowing from domestic sources by the government of which Tk. 28203.0 crore and Tk. 32149.0 crore have been targeted to borrow from banking and non-banking sources respectively. During July-April of FY18, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 2617.5 crore. In addition, the net repayment and holding of cash balances with scheduled banks stood at Tk. 23438.9 crore during the same period.

Figure-4: Budget Target and Net Govt. Domestic Borrowing during July-April of FY18



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, April 2018.

A comparative picture of government total budget target and actual domestic borrowing situation during July-April of FY18 is shown in Figure-4. Government total borrowing from other than banks (including NSD, T-Bills and Bonds) stood at Tk. 40870.2 crore of which Tk. 40063.2 crore was borrowed through NSD instruments during July-April, FY18. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 14813.9 crore during July-April of FY18 which is 24.5 percent of total budget target.

Major Findings of the Govt. Borrowings from Domestic Sources:

- From banking system, total outstanding of Govt. domestic borrowings decreased by Tk. 260.6 billion in April, FY18 compared to the outstanding of Govt. domestic borrowings of June, FY17.
- Govt. borrowed Tk. 408.7 billion (of which Tk. 400.6 billion through NSD instruments) from other than banks in July-April, FY18, which has already exceeded the Non-Bank budget target.
- Government borrowings from NSD instrument is increasing significantly due to its relatively higher interest rate than other savings rates.

Table I : Government Borrowing Position from the Banking System during July-April of FY18

| Sl. No. | Particulars | Issue and Maturity date | Objectives | Outstanding as on 30 June 17 | Outstanding as on 31 March 18 | Outstanding as on 30 April 18 | (Provisional) (Taka in crore) | |
|--------------------------------------|--|--|--|------------------------------|-------------------------------|-------------------------------|----------------------------------|------------------|
| | | | | | | | Change (+) / (-) | |
| | | | | | | | April 18 | July-April 18 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8=(7-6) | 9=(7-5) |
| A. Bangladesh Bank | | | | | | | | |
| 1. | Ways and Means Advances | | To increase Government cash balance | 3015.6 | 0.0 | 808.7 | 808.7 | -2206.9 |
| 2. | Overdraft | | | 0.0 | 0.0 | 0.0 | 0.00 | 0.0 |
| 3. | Overdraft Block | | | 5685.0 | 4185.0 | 4185.0 | 0.0 | -1500.0 |
| 4. | Devolvement | | | 5031.1 | 5395.0 | 5395.0 | 0.0 | 363.9 |
| | a) Treasury Bills | | | 811.6 | 226.0 | 226.0 | 0.0 | -585.7 |
| | b) Treasury Bonds | | | 4219.5 | 5169.1 | 5169.1 | 0.0 | 949.6 |
| 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 | | | 108.4 | 93.5 | 98.0 | 4.5 | -10.4 |
| 8. | Government Deposits ^{①/} (-) | | | -29.2 | -861.7 | -160.9 | 700.8 | -131.7 |
| 9. | BB's Balances of GIB Fund (-) | | | -2999.5 | -922.1 | -2131.9 | -1209.8 | 867.6 |
| A. Total : (1+...+9)* | | | | 12,837.7 | 9,916.0 | 10,220.3 | 304.2 | -2,617.5 |
| B. Deposit Money Banks (DMBs) | | | | | | | | |
| 1. | Government Treasury Bills | | | 23518.5 | 12959.3 | 12069.2 | -890.1 | -11449.3 |
| | i) Treasury Bills (Less than 1 year) | | To increase Government cash balance | 23518.5 | 12959.3 | 12069.2 | -890.1 | -11449.3 |
| 2. | Bangladesh Govt. Treasury Bonds (BGTB) | | | 99758.5 | 100281.6 | 100315.1 | 33.6 | 556.6 |
| | 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 | 7108.8 | 7394.9 | 7633.4 | 238.5 | 524.7 |
| | ii) 5-years Bangladesh Govt.Treasury Bonds | | | 24503.6 | 22048.2 | 21620.1 | -428.1 | -2883.5 |
| | iii) 10-years Bangladesh Govt.Treasury Bonds | | | 38775.5 | 39210.8 | 39148.6 | -62.2 | 373.1 |
| | iv) 15-years Bangladesh Govt.Treasury Bonds | | | 16284.7 | 17346.8 | 17437.7 | 90.9 | 1153.0 |
| | v) 20-years Bangladesh Govt.Treasury Bonds | | | 13085.9 | 14280.8 | 14475.3 | 194.5 | 1389.4 |
| 3. | Others Treasury Bonds | | | 11997.6 | 10795.1 | 10795.1 | 0.0 | -1202.5 |
| | a) 5 Years and above (Specialized Bonds) | | | 11997.6 | 10795.1 | 10795.1 | 0.0 | -1202.5 |
| | i) 7 & 10-years (BJMC&BTMC) interest free Treasury Bond- 2017 & 2020 ^{5/} | Issued 16 Jan-2011 and maturity date 16 January 2018 & 2021 respectively | To repay the loan of BJMC & BTMC | 339.0 | 204.0 | 204.0 | 0.0 | -135.0 |
| | ii) 25-years (Jute)Treasury Bond-2018 bearing 5.0 percent interest ^{3/} | Issued 1 Nov-1993 and maturity date 1 Nov-2018 | To compensate for the liquidation of jute sector credit | 29.6 | 14.8 | 14.8 | 0.0 | -14.8 |
| | 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 | 20.5 | 20.5 | 20.5 | 0.0 | 0.0 |
| | iv) 25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest ^{4/} | 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. | 8.9 | 6.2 | 6.2 | 0.0 | -2.7 |
| | v) 10-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest ^{2/} | Issued 25 Sep-2007 and Maturity date from 25 Sep-2015 to 25 Sep-2022 | To repay the loan of Bangladesh Petroleum Corporation | 2922.5 | 2822.5 | 2822.5 | 0.0 | -100.0 |
| | vi) 6-years (BPC) Treasury Bond bearing 7.0 percent interest ^{4/} | Issued 26 Dec 2011 and Maturity date 26 Dec-2017 | To repay the loan of Bangladesh Petroleum Corporation | 950.0 | 0.0 | 0.0 | 0.0 | -950.0 |
| | vii) 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 |
| | viii) 7-years SPTB-2020 bearing 7.0 percent interest | Issued 29 June-2013 and maturity date 29 June-2020 | 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 maturity date 29 June-2021 | | 2000.0 | 2000.0 | 2000.0 | 0.0 | 0.0 |
| | x) 10-years SPTB-2023 bearing 7.0 percent interest | Issued 29 June-2013 and maturity date 29 June-2023 | | 1935.1 | 1935.1 | 1935.1 | 0.0 | 0.0 |
| 4. | Sub-Total : (1+2+3) | | | 135274.6 | 124036.0 | 123179.4 | -856.5 | -12095.2 |
| 5. | Prize Bond/Income Tax Bond | | | 26.4 | 22.0 | 12.0 | -10.0 | -14.4 |
| 6. | Government's other Securities | | | 3.5 | 4.8 | 4.7 | -0.1 | 1.2 |
| 7. | Advances to Food Ministry | | | 291.1 | 854.9 | 360.0 | -494.9 | 68.9 |
| 8. | Advances to Other Ministries | | | 1657.5 | 1509.9 | 1568.4 | 58.5 | -89.1 |
| 9. | Advances to Auto./Semi-Autonomous Bodies | | | 1415.8 | 2329.2 | 1946.6 | -382.6 | 530.8 |
| 10. | Accrued Interest | | | 3453.0 | 1964.8 | 2050.2 | 85.4 | -1402.8 |
| 11. | Deposits of Ministries and Departments (-) | | | -26630.1 | -29093.6 | -30466.5 | -1372.9 | -3836.4 |
| 12. | Deposits of Auto./Semi-Autonomous Bodies (-) | | | -38021.2 | -41916.3 | -43607.3 | -1691.0 | -5586.1 |
| 13. | SBs's Balances of GIB Fund (i+ii) | | | 2816.5 | 643.7 | 1800.7 | 1157.0 | -1015.8 |
| | i) Investment to GIB Fund | | | 8276.1 | 9114.6 | 9221.6 | 107.0 | 945.5 |
| | ii) Borrowing from GIB Fund (-) | | | -5459.6 | -8470.9 | -7420.9 | 1050.0 | -1961.3 |
| B. Total : (4+...+13) | | | | 80287.1 | 60355.4 | 56848.2 | -3507.1 | -23438.9 |
| Grand Total : (A+B)* | | | | 93,124.8 | 70,271.4 | 67,068.5 | -3202.9 | -26,056.3 |

Notes: @/ Including other deposits.

1/ An amount of Tk. 2.7 crore was paid in July 2017 against the outstanding of Tk. 8.9 crore in June 2017

2/ An amount of Tk. 100 crore was paid in September 2017 against the outstanding of Tk. 2922.5 crore in June 2017

3/ An amount of Tk. 14.8 crore was paid in November 2017 against the outstanding of Tk. 29.6 crore in June 2017

4/ An amount of Tk. 950 crore was paid in December 2017 against the outstanding of Tk. 950 crore in June 2017

5/ An amount of Tk. 135 crore was paid in January 2018 against the outstanding of Tk. 339 crore in June 2017

*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 FY18

(Taka in Crore)

| Sl. No. | Particulars | July-April 2017 | | | | July-April 2018 | | | |
|---------|--|--------------------------------------|----------------|----------------|----------------------------------|--------------------------------------|----------------|----------------|----------------------------------|
| | | 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 | 1.9 | 2.6 | -1.9 | 0.0 | 1.0 | 0.6 | -1.0 |
| 2. | 5-year Bangladesh Savings Certificate | 4880.8 | 1256.6 | 430.3 | 3624.2 | 4979.4 | 2066.4 | 850.6 | 2913.0 |
| 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 | 22808.6 | 5469.1 | 6435.9 | 17339.4 | 21889.7 | 7413.6 | 7796.8 | 14476.1 |
| 7. | 3-month interest bearing Savings Certificate | 16528.3 | 5154.7 | 3049.3 | 11373.6 | 19640.6 | 8660.4 | 4490.2 | 10980.3 |
| 8. | Jamanat Savings Certificate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9. | Pensioner Savings Certificate | 4372.5 | 1148.7 | 950.7 | 3223.7 | 5129.3 | 1729.1 | 1364.7 | 3400.2 |
| 10. | Post Office Savings Bank | 10604.2 | 5019.5 | 1548.3 | 5584.8 | 12953.4 | 6369.4 | 1309.3 | 6584.1 |
| | a) General Account | 1941.4 | 1574.0 | 237.5 | 367.4 | 2159.6 | 1831.9 | 39.8 | 327.7 |
| | b) Fixed Account | 8662.8 | 3445.5 | 1310.9 | 5217.4 | 10545.5 | 4303.8 | 1264.2 | 6241.7 |
| | c) Bonus Account | 0.0 | 0.0 | 0.0 | 0.0 | 248.3 | 233.6 | 5.3 | 14.6 |
| 11. | Postal Life Insurance | 73.8 | 73.1 | 20.5 | 0.7 | 69.9 | 70.7 | 21.6 | -0.8 |
| 12. | Prize Bond | 68.4 | 29.1 | 15.2 | 39.3 | 59.6 | 25.3 | 21.1 | 34.3 |
| 13. | Wage Earners' Development Bond | 979.1 | 158.0 | 404.0 | 821.1 | 1667.5 | 123.9 | 574.8 | 1543.6 |
| 14. | 3-year National Investment Bond | 0.0 | 0.9 | 0.1 | -0.9 | 0.0 | 0.2 | 0.0 | -0.2 |
| 15. | US \$ Premium Bond | 12.6 | 16.4 | 15.7 | -3.9 | 20.2 | 19.5 | 18.6 | 0.7 |
| 16. | US \$ Investment Bond | 191.3 | 91.7 | 41.7 | 99.6 | 252.9 | 119.9 | 62.3 | 133.1 |
| 17. | Total : (1+...+15) | 60519.4 | 18419.8 | 12914.3 | 42099.7 | 66662.5 | 26599.3 | 16510.6 | 40063.2 |
| | | Outstandings as on April 2017 | | | Net Changes July-Apr 2017 | Outstandings as on April 2018 | | | Net Changes July-Apr 2018 |
| 18. | Govt. Treasury Bills/Bonds | | 24678.2 | | 584.7 | | 26172.2 | | 807.0 |
| | i) Government Treasury Bills | | 258.00 | | -54.3 | | 333.79 | | 113.2 |
| | ii) Bangladesh Govt. Treasury Bonds (BGTBs) | | 24420.2 | | 639.0 | | 25838.44 | | 693.8 |
| | a) 2-year Bangladesh Government Treasury Bonds | | 360.40 | | -108.3 | | 196.56 | | -175.2 |
| | b) 5-year Bangladesh Government Treasury Bonds | | 5604.01 | | -485.6 | | 6019.48 | | 241.3 |
| | c) 10-year Bangladesh Government Treasury Bonds | | 10105.83 | | 283.6 | | 10718.34 | | 426.9 |
| | d) 15-year Bangladesh Government Treasury Bonds | | 3518.81 | | 456.3 | | 4057.55 | | 269.4 |
| | e) 20-year Bangladesh Government Treasury Bonds | | 4831.12 | | 493.0 | | 4846.51 | | -68.7 |
| 19. | Total Non-bank Government Borrowing (net) : (17+18) | | | | 42684.3 | | | | 40870.2 |

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