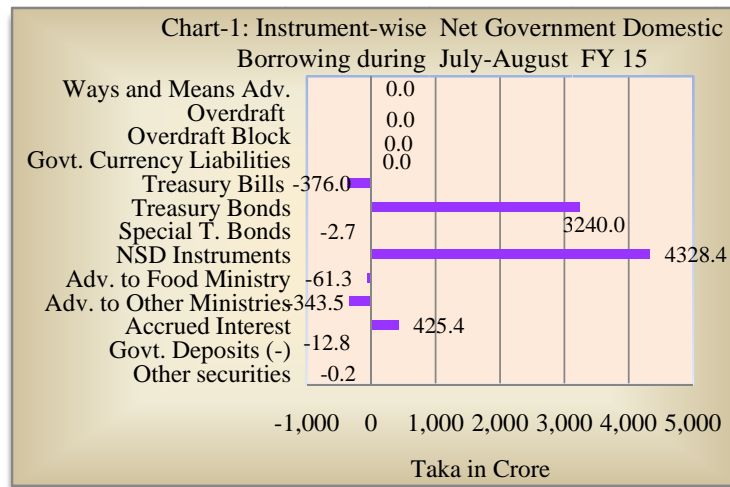


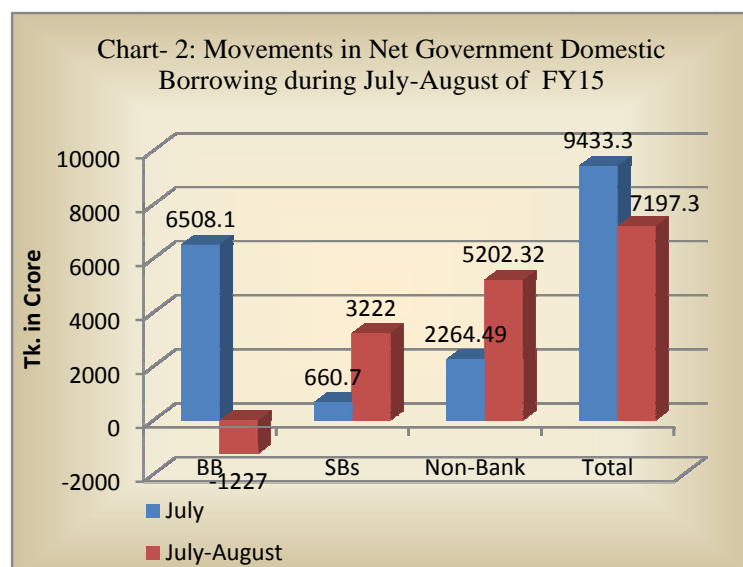
## Government Borrowing from Domestic Sources during July-August of FY15

Government borrows from both domestic and external sources to bridge its fiscal deficit. Government domestic borrowing sources are banks (Bangladesh Bank and Scheduled Banks) and other than banks. Government borrows from banking system mainly through Treasury Bills and Bonds and from non-banking sources through National Saving Deposits (NSD) in addition to Treasury Bills and Bonds. It is observed

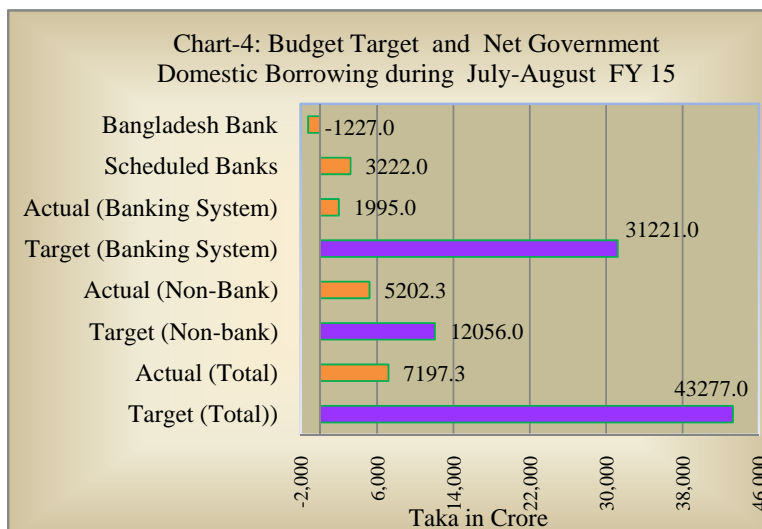
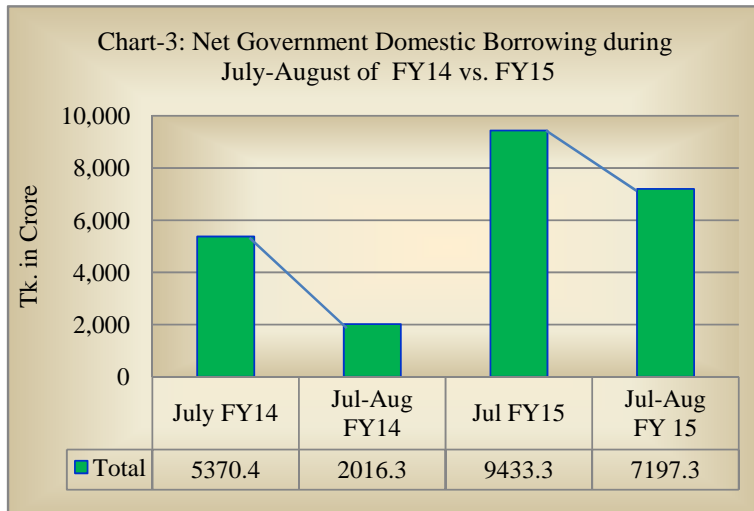


that the government has borrowed (net) Tk. 2861.3 crore through Treasury Bills and Bonds of which Tk. 3237.3 crore (net) has been borrowed through Treasury Bonds and Tk.376.0 crore has been repaid through Treasury Bills maturity during July-August of FY15. In addition to that, government borrowed Tk.4328.4 crore through NSD instruments during the period. Net government domestic borrowing stood at Tk.7197.3 crore during July-August of FY15 after the adjustments with Treasury Bills and Bonds, NSD, Ways and Means Advances (WMA), Advances to Food and other Ministries, Overdraft current and block accounts, accrued interest, and advances and deposits of autonomous and semi-autonomous bodies as well as the deduction of cash balance in the form of Government Deposits. During the period, Government Deposits decreased by Tk.12.8 crore where deposits decreased by Tk.563.1 crore with Bangladesh Bank and deposits increased by Tk.550.3 crore with Scheduled Banks. Instrument wise net government domestic borrowing during July-August of FY15 is depicted in chart-1.

The government has borrowed Tk.3222.0 crore from the scheduled banks but repaid to Bangladesh Bank Tk.1227.0 crore. After the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies, the government borrowing stood at Tk.1995.0 crore (net) from banking system and Tk. 5202.3 crore from other than banking sources (including NSD, Treasury Bills and Bonds) during July-August of FY15. The movements in net government borrowing from different domestic sources during July-August of FY15 are demonstrated in chart-2.



At the end of August of FY15, the net government domestic borrowing stood at Tk. 7197.3 crore as compare to Tk. 2016.3 crore as on end August FY14. A comparative picture of government net domestic borrowing during July-August of FY14 and FY15 is depicted in chart-3. It showed that net domestic borrowing is increasing faster during July-August of FY15 as compare to the corresponding period of FY14.



In the budget of FY15, Tk.43277.0 crore has been fixed for borrowing from domestic sources by the government of which Tk.31221.0 crore and Tk.12056.0 crore are targeted to borrow from banking and non-banking sources respectively. The government borrowed Tk. 1995.0 crore (net) from the banking system during July-August of FY15 which covered almost 28 percent of total actual govt.

borrowing and 6.4 percent of budget target from banking system. During the period, the government borrowed Tk. 3222.0 crore (net) from the schedules banks. Moreover, government borrowed Tk. 5202.3 crore from other than banks (including NSD, Treasury Bills and Bonds) which exceeded about 72 percent of total actual govt. borrowing and reached to 43.15 percent of total budget target from non-banking sources respectively. During the period, NSD instruments contributed 82.3 percent of total non-bank borrowing. The total net government domestic borrowing (banking and non-banking sources) stood at Tk. 7197.3 crore which covered 16.6 percent of total budget target after the adjustment in government deposits and other items during July-August of FY15. A comparative picture of government budget target and actual domestic borrowing during July-August of FY15 is produced in chart-4.

To sum up, net government borrowing from the domestic sources showed a downward trend during July-August of FY15. The borrowed amount from the banking system stood much lower than the borrowed amount from the non-bank sources. The government borrowing through NSD instruments stood much higher than the targeted amount.