

**Monthly Report On
Government Domestic Borrowing¹**



August, 2020

**Research Department
Bangladesh Bank**

¹The 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 welcomed and can be sent to Farida Parveen, Deputy General Manager, Research Department, Bangladesh Bank.

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Highlights of Government Domestic Borrowing during July-August, 2020

- During July-August 2020, Government borrowing from the banking system stood at Tk. 6451.3 crore (net) against the target of Tk. 84980.0 crore. On the other hand, Government borrowed Tk. 10142.9 crore (net) from other than bank against the target of Tk. 25003.0 crore.
- The net sale of NSD Instruments stood at Tk. 7455.0 crore during July-August, 2020 which was Tk. 3712.4 crore in the same period of the previous year. The yearly target of net sale of NSD Instruments is Tk. 20000.0 crore for FY21.
- Total net domestic borrowing of the Government (banking system and other than bank) stood at Tk. 16594.2 crore during July-August, 2020 which was Tk. 29593.9 crore during the same period of the previous year. The target of total domestic borrowing is Tk. 109983.0 crore for FY21 and the borrowed amount during July-August, 2020 covers 15.1 percent of the total budget target.

Government Domestic Borrowing during July-August, 2020

Government borrows from various domestic sources: such as from banking system and from other than bank. Banking system includes financing through t-bills, t-bonds & special t-bonds, ways & means advances, overdraft current & block a/c, advances to food ministry, other ministries & to autonomous/semi-autonomous bodies, accrued interest, Bangladesh Government Islamic Investment Bond (BGIIB) fund balances and netting off government deposits with Bangladesh Bank (BB) and Scheduled Banks (SBs). On the other hand, borrowing from other than bank enrolls instruments of National Savings Directorate (NSD) and t-bills & bonds held by Non-Bank Financial Institutions (NBFIs), insurance companies, individuals etc.

Target of Government Domestic Borrowing for FY21

In the budget FY21, total domestic borrowing has been targeted at Tk. 109983.0 crore, of which Tk. 84980.0 crore (net) is from banking system and Tk. 25003.0 crore (net) is from other than bank. During July-August 2020, the total domestic borrowing of Government stood at Tk. 16594.2 crore (net) which is 15.1 percent of the budget target of FY21.

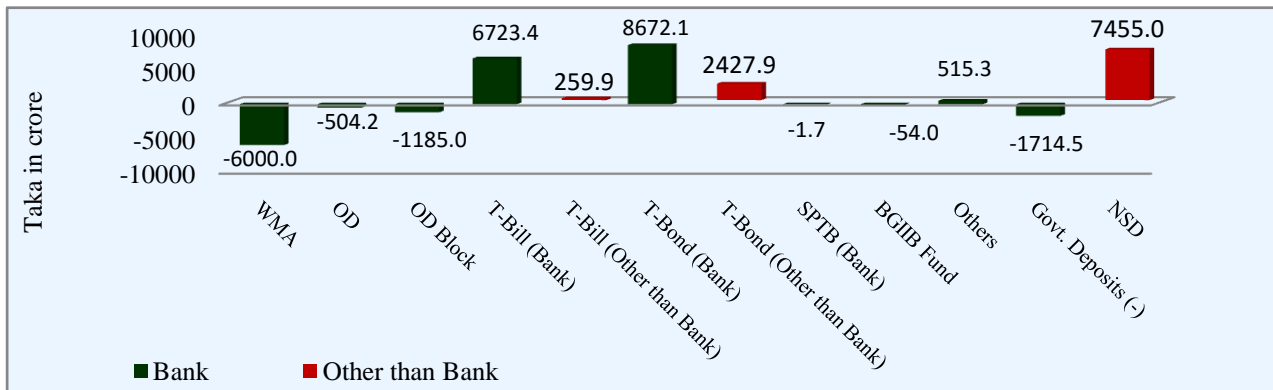
Borrowing from Banking System

Government borrowing from banking system (Bangladesh Bank+Scheduled Banks) stood at Tk. 6451.3 crore (net) during July-August, 2020, out of which Government borrowed Tk. 25031.2 crore from Scheduled Banks and repaid Tk. 18579.9 crore to Bangladesh Bank. Government deposits increased by Tk. 1714.5 crore (net) during this period.

Borrowing from Other than Bank

During July-August 2020, Government borrowed Tk. 10142.9 crore (net) from other than bank of which Tk. 7455.0 crore through NSD instruments and Tk. 2687.8 crore through t-bills & t-bonds of other than bank.

Chart-1: Instrument-wise Government Domestic Borrowing (net)



Note: WMA=Ways and Means Advances, OD=Overdraft, SPTB=Special T-Bonds, NSD=National Savings Directorate.

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

Total Domestic Borrowing

During July-August 2020, total domestic borrowing of Government (Bank and Other than Bank) stood at Tk. 16594.2 crore (net) which was Tk. 18543.2 crore in July 2020 and Tk. 29593.9 crore in July-August, 2019. The amount is 43.9 percent less than that of the same period of the previous year.

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

(Taka in crore)

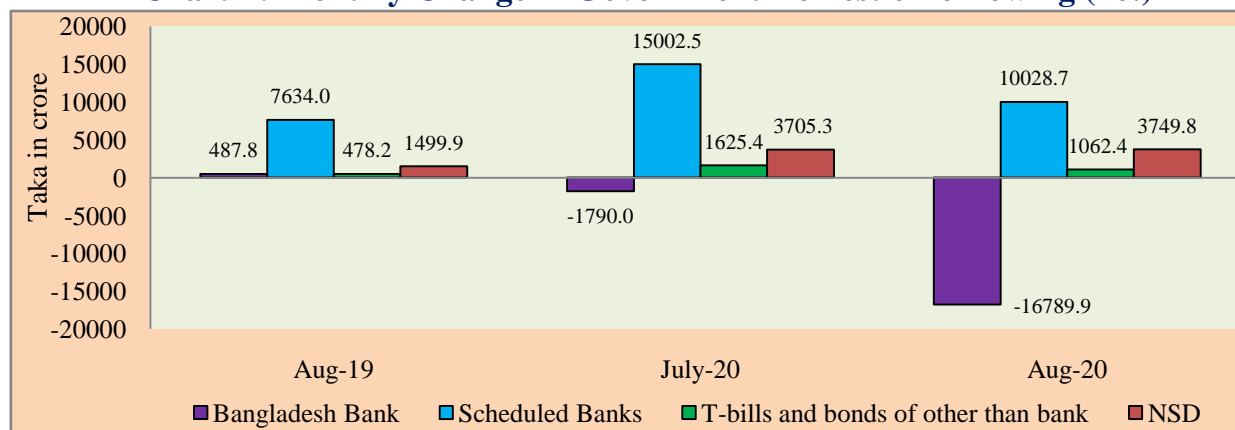
Sources	July-August 2020	July 2020	July-August 2019	Change from previous month	Change (y-o-y)
	1	2	3	4=1-2	5=1-3
Bank*	6451.3	13212.5	25490.8	-6761.2	-19039.5
Other than Bank**	10142.9	5330.7	4103.1	4812.2	6039.8
Total	16594.2	18543.2	29593.9	-1949.0	-12999.7

Note: *=Bank includes Bangladesh Bank and Scheduled Banks, **=Other than bank includes NSD and T-bills & bonds of other than bank.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; National Savings Directorate.

In August 2020, Government borrowed Tk. 10028.7 crore from Scheduled Banks, Tk. 1062.4 crore from T-bills and bonds of other than bank, Tk. 3749.8 crore from NSD and repaid Tk. 16789.9 crore to Bangladesh Bank. The net amount is Tk. 20492.2 crore less than the previous month of July, 2020.

Chart-2: Monthly Change in Government Domestic Borrowing (net)

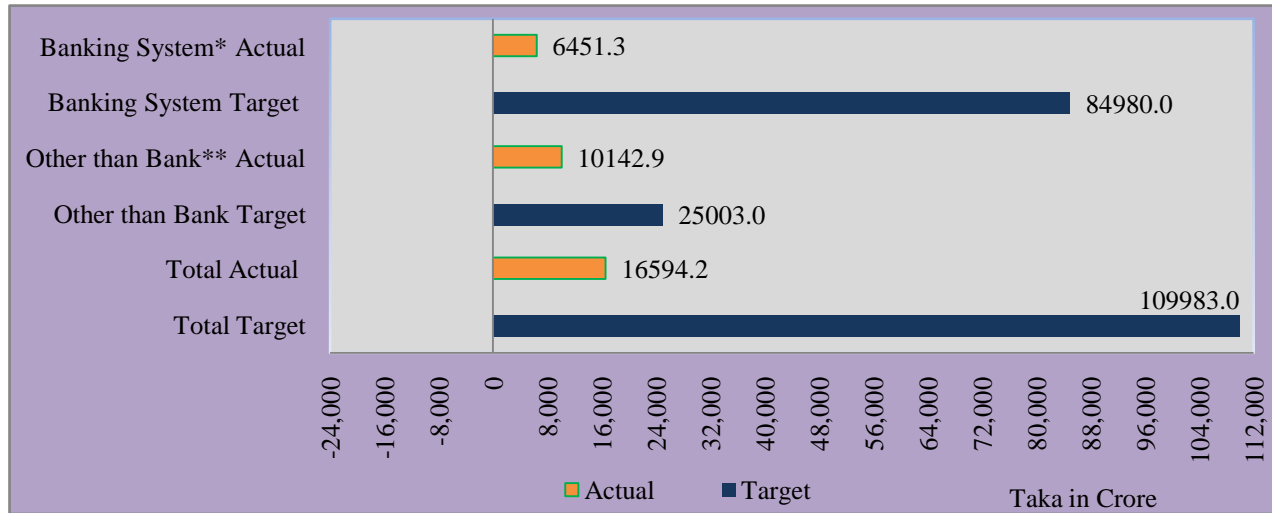


Note: NSD=National Savings Directorate.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; National Savings Directorate.

During July-August 2020, Government borrowed Tk. 6451.3 crore (net) from the banking system which covers only 7.6 percent of the target for FY21. At the same time borrowing from other than bank is Tk. 10142.9 crore (net), which is 40.6 percent of the budget target. Thus, total domestic borrowing of the Government of Tk. 16594.2 crore (net) during July-August, 2020 covers 15.1 percent of the total budget target of FY21(Chart-3).

Chart-3: Budget Target and Actual Government Domestic Borrowing (net)



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

**=Other than bank includes NSD and T-bills & bonds of other than bank.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; National Savings Directorate.

Table I : Government Borrowing Position from the Banking System during July-August, FY21

(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on	Outstanding as on	Outstanding as on	Change (+) / (-)	
				30 June 20	31 July 20	31 August 20	August 20	July-Aug 20
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	6000.0	4969.4	0.0	-4969.4	-6000.0
2.	Overdraft			504.2	0.0	0.0	0.0	-504.2
3.	Overdraft Block			1185.0	1185.0	0.0	-1185.0	-1185.0
4.	Devolvement			34671.6	35146.0	33088.9	-2057.2	-1582.7
	a) Treasury Bills			8394.2	8230.7	6453.7	-1777.0	-1940.6
	b) Treasury Bonds			26277.3	26915.3	26635.2	-280.1	357.9
5.	Government Currency Liabilities			2025.9	2025.9	2025.9	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			582.1	728.4	758.8	30.4	176.7
8.	Government Deposits ^{@/ (-)}			-33.2	-38.2	-7347.7	-7309.5	-7314.5
9.	BB's Balances of GIIB Fund (-)			-6593.5	-7464.4	-8763.7	-1299.3	-2170.2
A.	Total : (1 +...+ 9)*			38342.1	36552.1	19762.2	-16789.9	-18579.9
B. Deposit Money Banks (DMBs)								
1.	Government Treasury Bills			52331.1	59359.4	60995.0	1635.6	8663.9
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	52331.1	59359.4	60995.0	1635.6	8663.9
2.	Bangladesh Govt. Treasury Bonds (BGTB)			153839.1	157798.4	162153.3	4354.9	8314.2
	i) 2-years Bangladesh Govt. Treasury Bonds			23638.5	24793.9	27696.8	2902.9	4058.2
	ii) 3-years(FRTB) Bangladesh Govt. Treasury Bonds		To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	112.2	112.2	112.2	0.0	0.0
	iii) 5-years Bangladesh Govt. Treasury Bonds			31528.6	33390.6	34327.6	936.9	2799.0
	iv) 10-years Bangladesh Govt. Treasury Bonds			49749.4	49902.5	50727.4	824.9	978.1
	v) 15-years Bangladesh Govt. Treasury Bonds			24985.8	25380.8	25279.0	-101.8	293.2
	vi) 20-years Bangladesh Govt. Treasury Bonds			23824.6	24218.4	24010.3	-208.1	185.7
3.	Others Treasury Bonds			10688.5	10686.7	10686.7	0.0	-1.7
	a) 1 Year and above but less than 5 years (Specialized Bonds)			40.5	40.5	40.5	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	40.5	40.5	40.5	0.0	0.0
	b) 5 Years and above (Specialized Bonds)			10647.9	10646.2	10646.2	0.0	-1.7
	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-2020 bearing 5.0 percent interest ^{1/}	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.	1.7	0.0	0.0	0.0	-1.7
	iii) 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	2722.5	2722.5	2722.5	0.0	0.0
	iv) 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
	v) 8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2021	To increase Government cash balance	2000.0	2000.0	2000.0	0.0	0.0
	vi) 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
	vii) 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	1438.5	0.0	0.0
	vii) 07-years interest free Hanif Flyover SPTB-2026	Issued 30 Sep-2019 and maturity date 30 Sep-2026		554.0	554.0	554.0	0.0	0.0
4.	Sub-Total : (1+2+3)			216858.6	227844.6	233835.1	5990.5	16976.4
5.	Prize Bond/Income Tax Bond			31.4	16.9	27.3	10.4	-4.1
6.	Government's other Securities			4.9	4.8	4.8	0.0	-0.1
7.	Advances to Food Ministry			573.1	1240.9	944.1	-296.8	371.0
8.	Advances to Other Ministries			1701.8	1805.0	1820.0	15.0	118.2
9.	Advances to Auto./Semi-Autonomous Bodies			2435.4	2389.6	1998.3	-391.3	-437.1
10.	Accrued Interest			2729.7	2520.8	3020.4	499.6	290.7
11.	Deposits of Ministries and Departments (-)			-34849.6	-32542.4	-31182.6	1359.8	3667.0
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-53249.8	-52882.4	-51316.8	1565.6	1933.0
13.	SBs's Balances of GIIB Fund (i+ii)			6203.3	7043.6	8319.5	1275.9	2116.2
	i) Investment to GIIB Fund			12972.2	13612.6	14217.9	605.3	1245.7
	ii) Borrowing from GIIB Fund (-)			-6768.9	-6569.0	-5898.4	670.6	870.5
B.	Total : (4+...+13)			142438.8	157441.4	167470.1	10028.7	25031.2
Grand Total : (A+B)*				180780.9	193993.4	187232.2	-6761.2	6451.3

Notes: @/ Including other deposits.

1/ An amount of Tk. 1.7 crore was paid in July 2020 against the outstanding of Tk. 1.7 crore in June 2020.

*Including GIIB 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 from the Other than Bank during July-August, FY21

(Taka in Crore)

Sl. No.	Particulars	July-August, 2019				July-August, 2020			
		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	0.0	0.0	0.0	0.0	0.1	0.1	-0.1
2.	5-year Bangladesh Savings Certificate	1632.5	473.9	191.5	1158.6	1677.7	684.5	158.4	993.2
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	2240.4	2882.3	2695.9	-641.9	6085.2	3122.4	2266.1	2962.9
7.	3-month interest bearing Savings Certificate	1939.9	2267.5	1148.9	-327.7	4945.1	3622.2	1106.1	1322.9
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	698.0	274.8	329.6	423.2	1232.6	545.4	431.7	687.2
10.	Post Office Savings Bank	4445.5	1626.9	366.0	2818.6	3198.7	2013.1	508.5	1185.7
	a) General Account	610.0	403.5	12.5	206.5	380.2	382.2	13.2	-2.0
	b) Fixed Account	3835.6	1223.4	353.5	2612.2	2818.5	1630.8	495.2	1187.7
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	16.7	17.7	5.9	-1.0	18.6	19.6	6.5	-1.0
12.	Prize Bond	18.1	10.7	2.3	7.4	17.5	7.2	7.6	10.4
13.	Wage Earners' Development Bond	229.2	24.8	128.6	204.4	296.9	68.8	199.8	228.1
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	22.4	3.6	5.1	18.8	13.8	3.0	2.7	10.8
16.	US \$ Investment Bond	63.6	11.7	14.6	51.9	71.7	16.7	13.1	55.0
17.	Total : (1+...+16)	11306.3	7593.9	4888.4	3712.4	17557.9	10102.9	4700.6	7455.0
		Outstandings as on August 2019			Net Changes July-Aug. 2019	Outstandings as on August 2020			Net Changes July-Aug. 2020
18.	Govt. Treasury Bills/Bonds		30677.1		390.8		41448.1		2687.8
	i) Government Treasury Bills		783.3		-148.5		2318.1		259.9
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		29893.8		539.3		39130.0		2427.9
	a) 2-year Bangladesh Government Treasury Bonds		135.2		8.0		1869.2		694.1
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.0		0.0		0.0		0.0
	c) 5-year Bangladesh Government Treasury Bonds		5958.9		-224.4		8179.5		248.0
	d) 10-year Bangladesh Government Treasury Bonds		12756.0		256.9		16070.2		1055.3
	e) 15-year Bangladesh Government Treasury Bonds		5384.7		252.4		6473.9		156.3
	f) 20-year Bangladesh Government Treasury Bonds		5659.0		246.4		6537.3		274.3
19.	Total Non-bank Government Borrowing (net) : (17+18)				4103.1				10142.9

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