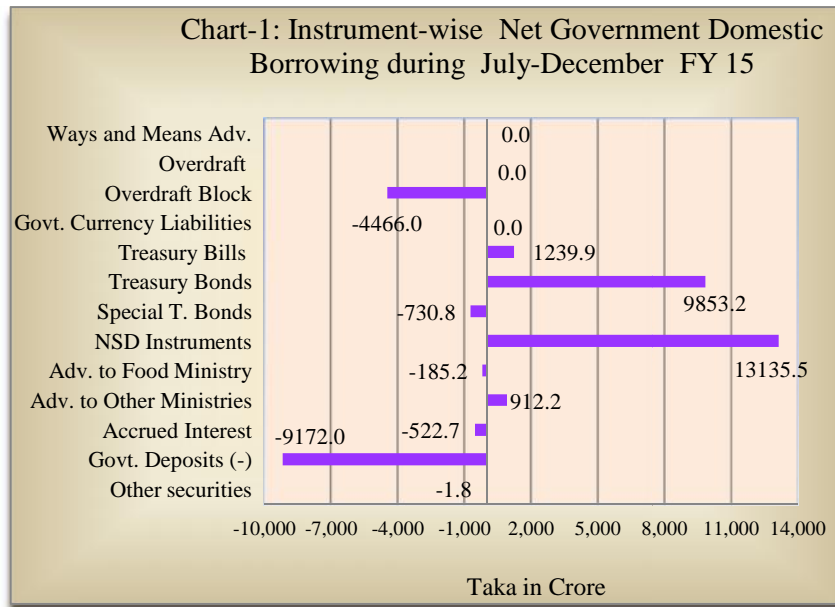
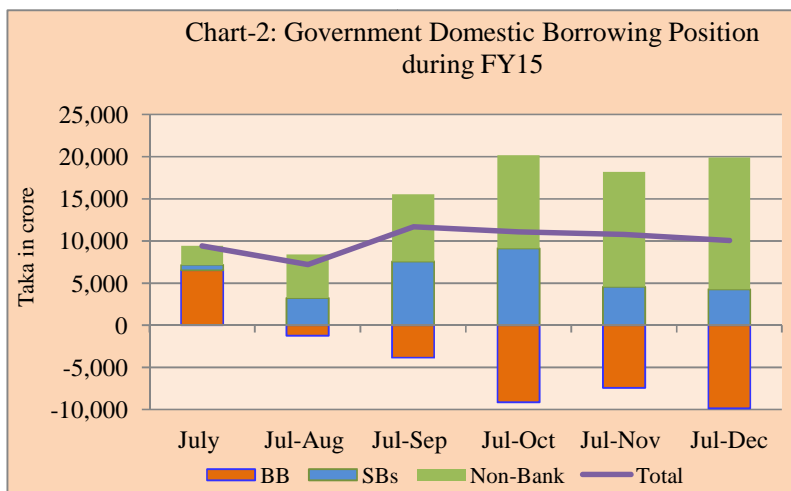


Government Borrowing from Domestic Sources during July-December of FY15

Government borrows from both domestic and external sources to bridge its fiscal deficits. 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 Directorate (NSD) in addition to

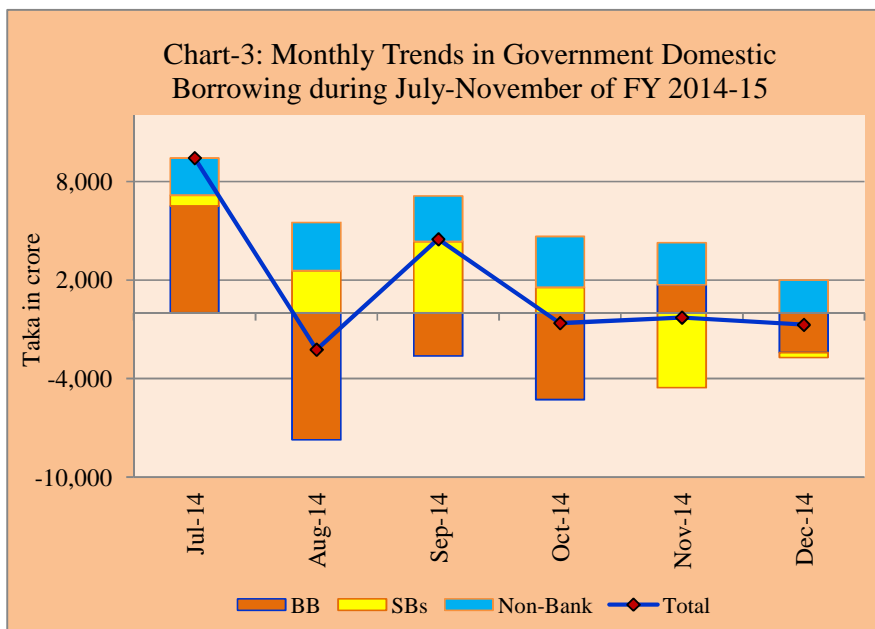


Treasury Bills and Bonds. It is observed that the government borrowed (net) Tk.10362.2 crore through Treasury Bills and Bonds of which Tk.9122.4 crore (net) has been borrowed through Treasury Bonds and Tk.1239.9 crore has been borrowed through Treasury Bills during July-December of FY15. In addition to that, government borrowed Tk.13135.5 crore through NSD instruments during the period. Net government domestic borrowing stood at Tk.10062.2 crore during July-December 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 with Bangladesh Bank and scheduled banks. During the period, government deposits increased by Tk.9172.0 crore where deposits with Bangladesh Bank increased by Tk.2692.8 crore and with scheduled banks increased by Tk.6479.2 crore. Instrument-wise net government domestic borrowing during July-December of FY15 is depicted in chart-1.



After the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies, the government repayment was much higher than borrowing from banking system and Tk. 15637.0 crore from other than banking sources (including NSD, Treasury Bills and Treasury Bonds) during July-December of FY15; of which Tk.13135.5 crore net borrowed through

NSD. The movements in net government borrowing from different domestic sources during July-December of FY15 are demonstrated in chart-2.



Monthly movement of government's net domestic borrowing is represented in chart-3.

Government's holding of cash balances was much higher in the month of December 2014. However the borrowings from non-bank sources through T.Bills and T.Bonds except National Savings Schemes was lower

than the holding of cash balances from banking system. Net Government borrowing from scheduled banks in December 2014 was slightly better than the previous month.

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. During the period under review the government has borrowed Tk.4273.2 crore from the scheduled banks. However, the total repayment and holding of cash balances with Bangladesh Bank stood at Tk.9848.0 crore. The government repaid Tk. 5574.8 crore more than borrowings from the banking system during July-December of FY15. Moreover, government borrowed Tk.15637.0 crore from other than banks (including NSD, Treasury Bills and Bonds), which exceeded to 129.7 percent of total budget target from non-banking sources. During the period under report, NSD instruments exceeded the total target of non-bank borrowing through NSD. The total net government domestic borrowing (banking and non-banking sources) stood at Tk.10062.2 crore which covered almost 23.3 percent of total budget target after the adjustment with government deposits and other items during July-December of FY15. A comparative picture of government budget target and actual domestic borrowing during July-December of FY15 is produced in chart-4.

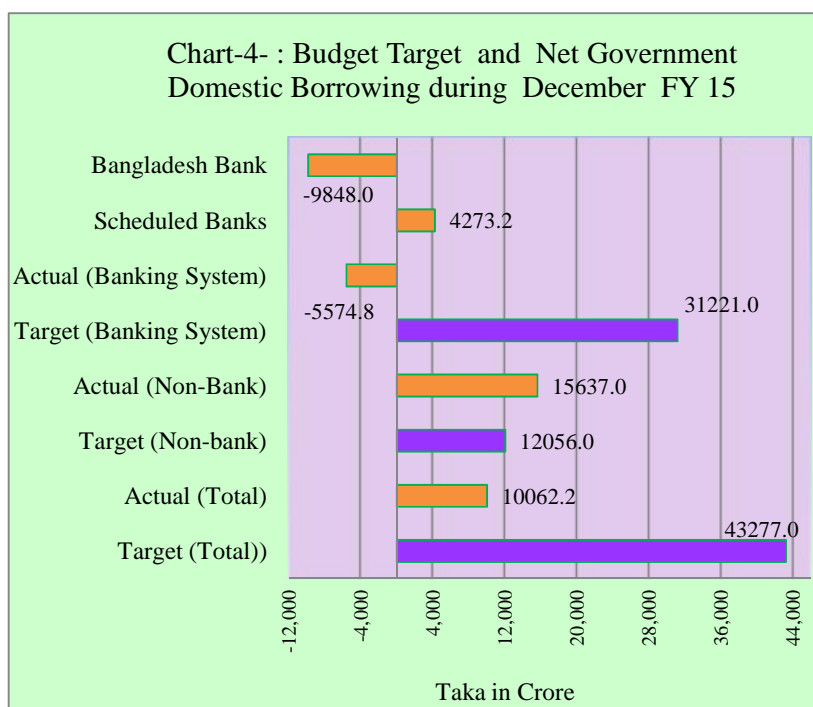


Table I : Government Borrowing (Net) from the Banking System during July-December of FY15

(Provisional)
(Taka in crore)

Sl. No	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 14	Outstanding as on 30 November 14	Outstanding as 31 December 14	Change (+) / (-)	
							Dec'14 8=(7-6)	Jul-Dec 9=(7-5)
A.	Bangladesh Bank							
1.	Ways and Means Advances		To increase Government cash balance	0.0	0.0	0.0	0.0	0.0
2.	Overdraft			0.0	0.0	0.0	0.00	0.0
3.	Overdraft Block			13151.0	8685.0	8685.0	0.0	-4466.0
4.	Devolvement			3829.6	1104.9	1204.9	100.0	-2624.7
a)	Treasury Bills			357.4	678.7	678.7	0.0	321.3
b)	Treasury Bonds			3472.2	426.2	526.2	100.0	-2946.1
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.	Accrued Interest ^f			78.1	0.2	13.6	13.4	-64.5
8.	Government Deposits ^g (-)			-4141.9	-4301.4	-6834.7	-2533.3	-2692.8
A.	Total : (1 +...+ 8)			13739.5	6311.4	3891.5	-2419.9	-9,848.0
B.	Deposit Money Banks (DMBs)							
1.	Government Treasury Bills			40351.9	40845.9	41270.7	424.8	918.8
i)	Treasury Bills (Less than 1 year)		To increase Government cash balance	40351.9	40845.9	41270.7	424.8	918.8
2.	Bangladesh Govt. Treasury Bonds (BGTB)			81601.0	90524.5	91898.5	1374.0	10297.5
i)	2-years Bangladesh Govt. Treasury Bonds ^{1/}		To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	5811.9	8192.3	8678.3	486.0	2866.4
ii)	5-years Bangladesh Govt. Treasury Bonds			24495.3	25545.2	25897.0	351.8	1401.7
iii)	10-years Bangladesh Govt. Treasury Bonds			32681.6	35042.0	35244.0	202.0	2562.4
iv)	15-years Bangladesh Govt. Treasury Bonds			11145.5	12652.1	12857.1	205.0	1711.6
v)	20-years Bangladesh Govt. Treasury Bonds			7466.7	9092.9	9222.0	129.1	1755.3
3.	Others Treasury Bonds (a+b)			15077.7	14346.9	14346.9	0.0	-730.8
a)	1 Year and above but less than 5 years (Specialized Bonds)			404.5	200.0	200.0	0.0	-204.5
i)	3-Years interest free Frozen Food Treasury Bond 2014 ^{4*}	Issued 5 Oct-2011 and maturity date 5 Oct-2014	To repay the loan of Frozen Food Industries	4.5	0.0	0.0	0.0	-4.5
ii)	3-Years and 4-years (BPC) Treasury Bond bearing 7.0 percent interest ^{2/}	Issued 5 Oct-2011 and maturity date 5 October 2014 & 2015 respectively	To repay the loan of Bangladesh Petroleum Corporation	400.0	200.0	200.0	0.0	-200.0
b)	5 Years and above (Specialized Bonds)			14673.2	14146.9	14146.9	0.0	-526.3
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 ^{3/}	Issued 1 Nov-1993 and maturity date 1 Nov-2018	To compensate for the liquidation of jute sector credit	100.5	76.8	76.8	0.0	-23.7
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	69.7	69.7	69.7	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.	17.1	14.4	14.4	0.0	-2.7
v)	7-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest ^{5/}	Issued 25 Sep-2007 and Maturity date from 25 Sep-2014 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	3622.5	3122.5	3122.5	0.0	-500.0
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	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 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.	Prize Bond/Income Tax Bond			31.1	30.8	29.6	-1.2	-1.5
5.	Government's other Securities			2.4	2.3	2.1	-0.2	-0.3
6.	Sub-Total : (1+2+3+4+5)			137064.1	145750.4	147547.7	1797.3	10483.6
7.	Advances to Food Ministry			612.6	195.3	427.4	232.1	-185.2
8.	Advances to Other Ministries			1062.4	1352.2	1147.8	-204.4	85.4
9.	Advances to Auto./Semi-Autonomous Bodies			1094.5	1567.9	1921.3	353.4	826.8
10.	Accrued Interest			3170.2	4148.8	2712.0	-1436.8	-458.2
11.	Deposits of Ministries and Departments (-)			-14887.7	-18760.0	-18055.3	704.7	-3167.6
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-24330.0	-25898.2	-27641.6	-1743.4	-3311.6
B.	Total : (6+...+12)			103786.1	108356.4	108059.3	-297.1	4273.2
Grand Total : A+B				117525.6	114667.7	111950.8	-2716.9	-5,574.8

Notes: @/ Including other deposits.

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

2/ 3 year (BPC) Treasury Bond matured on 5 October, 2014; an amount of 200 crore

An amount of Tk. 2.7 crore was paid in July 2014 against the outstanding of Tk. 17.1 crore in June 2014

@ An amount of Tk. 500 crore was paid in September 2014 against the outstanding of Tk. 3622.5 crore in June 2014

** 3 year interest free Frozen Food Treasury Bond matured on 5 October, 2014; an amount of 4.5 crore

* An amount of Tk. 23.7 crore was paid in November 2014 against the outstanding of Tk. 100.5 crore in June 2014

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-December of FY15

(Taka in Crore)

Sl. No.	Particulars	July-December 2013			July-December 2014			Net Sale	Net Sale
		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	3.8	6.9	-3.8	0.0	3.3	5.9	-3.3
2.	5-year Bangladesh Savings Certificate	1406.9	1096.9	522.3	310.0	3297.0	1792.1	909.5	1505.0
3.	Bonus Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.2	0.0	-0.2
4.	6-month interest bearing Savings Certificate	0.0	0.1	0.0	-0.1	0.0	0.1	0.0	-0.1
5.	Family Savings Certificate	3457.7	432.2	1067.8	3025.5	6795.4	451.2	1534.0	6344.1
6.	3-month interest bearing Savings Certificate	2355.8	1862.6	621.6	493.2	4977.8	1075.4	783.0	3902.4
7.	Jamanat Savings Certificate	0.0	0.1	0.0	-0.1	0.0	0.0	0.0	0.0
8.	Pensioner Savings Certificate	474.7	583.7	396.7	-109.0	716.0	630.5	406.5	85.5
9.	Post Office Savings Bank	2300.7	2217.6	585.6	83.1	3036.1	1961.6	466.9	1074.5
	a) General Account	560.1	535.9	18.3	24.3	643.5	567.2	25.5	76.3
	b) Fixed Account	1740.6	1681.7	567.4	58.8	2392.6	1394.4	441.4	998.1
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10.	Postal Life Insurance	35.9	33.2	6.0	2.7	45.9	45.4	0.0	0.5
11.	Prize Bond	26.6	19.8	6.0	6.8	32.6	20.8	7.4	11.8
12.	Wage Earners' Development Bond	223.1	200.0	342.9	23.1	350.2	173.3	417.2	176.9
13.	3-year National Investment Bond	0.0	16.4	4.2	-16.4	0.0	0.7	0.2	-0.7
14.	US \$ Premium Bond	47.4	28.8	10.4	18.6	25.4	25.5	9.7	-0.1
15.	US \$ Investment Bond	130.2	106.3	31.6	23.9	94.7	55.4	31.9	39.2
16.	Total : (1+...+15) ^{1/}	10458.9	6601.2	3601.8	3857.7	19371.0	6235.5	4572.2	13135.5
					Net Changes				Net Changes
					Outstandings as on December 2013				Outstandings as on December 2014
17.	Govt. Treasury Bills/Bonds		<u>15,541.1</u>		<u>1,550.8</u>		<u>20,129.9</u>		<u>2,501.5</u>
	i) Government Treasury Bills		53.9		4.0		73.6		-0.3
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		<u>15,487.3</u>		<u>1,546.89</u>		<u>20,056.4</u>		<u>2,501.8</u>
	a) 2-year Bangladesh Government Treasury Bonds		370.8		292.3		621.7		133.6
	b) 5-year Bangladesh Government Treasury Bonds		4244.8		194.0		5713.0		697.9
	c) 10-year Bangladesh Government Treasury Bonds		5538.4		307.9		7352.0		1122.6
	d) 15-year Bangladesh Government Treasury Bonds		1917.6		189.1		2579.1		431.4
	e) 20-year Bangladesh Government Treasury Bonds		3415.7		563.7		3790.6		116.2
18.	Total Non-bank Government Borrowing (net) : (16+17)				5,408.5				15,637.0

Notes: 1/Including Investment in the banking sector.

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