

Monthly Report On Government Borrowing from Domestic Sources

July-December of FY16¹

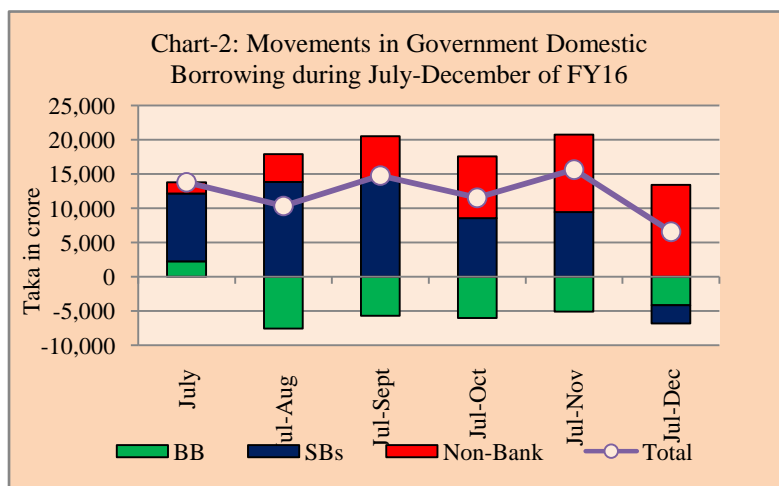
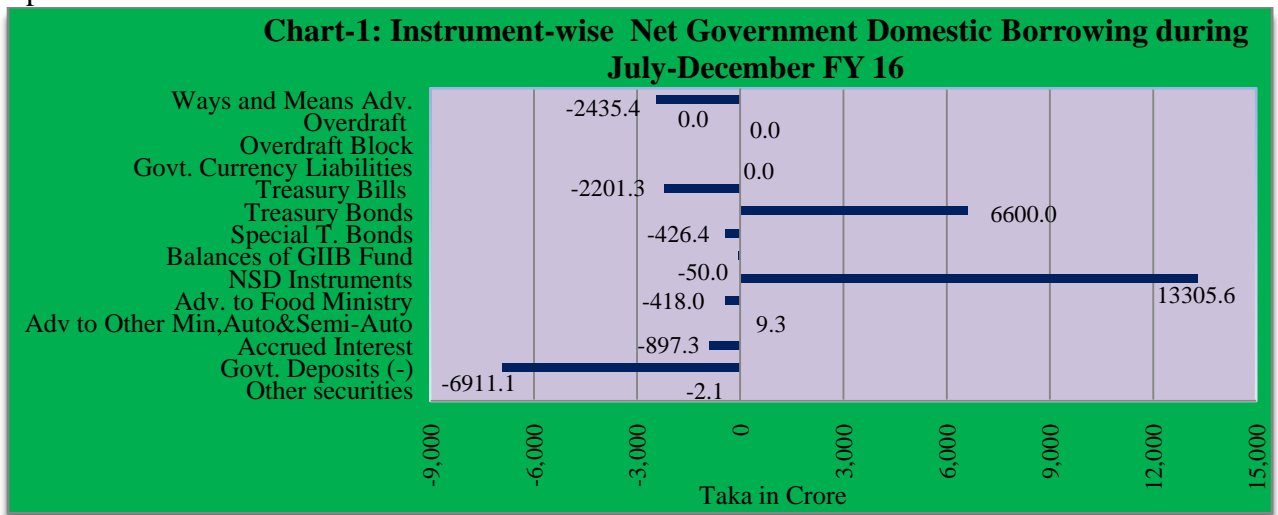


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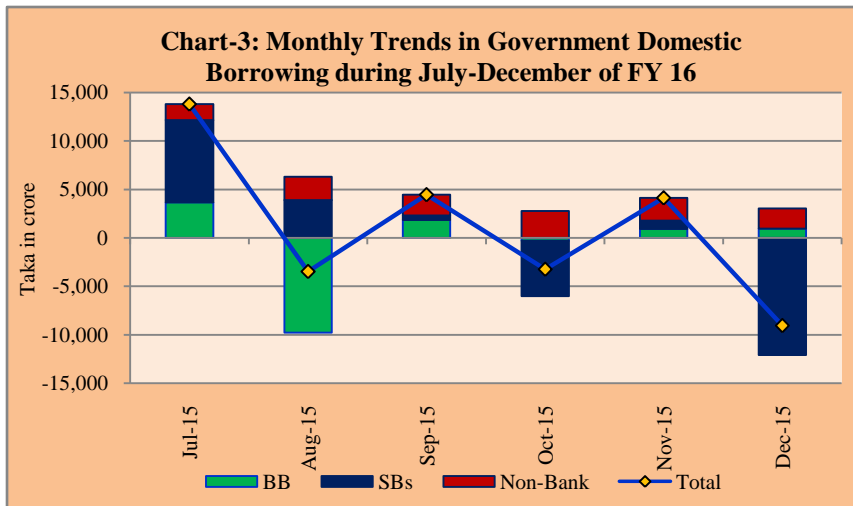
Government Borrowing from Domestic Sources during July-December of FY16

Government (govt.) 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 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 govt. borrowed Tk.6173.6 crore (net) through Bonds and repaid Tk.2201.3 crore through Treasury Bills during July-December of FY16. In addition to that, govt. borrowed Tk.13305.6 crore through NSD instruments during the period. Net govt. domestic borrowing stood at Tk.6573.3 crore during July-December of FY16 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, advances and deposits of autonomous and semi-autonomous bodies, balances of GIIB fund as well as the 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.6911.1 crore (net) with the banking system. Deposits with Bangladesh Bank increased by Tk.2111.3 crore whereas deposits with scheduled banks increased by Tk.4799.8 crore. Instrument-wise net govt. domestic borrowing during July-December'15 is depicted in chart-1.



The movement in net govt. borrowing from different domestic sources during July-December of FY16 is demonstrated in chart-2. 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 channel during July-December of FY16. Govt.

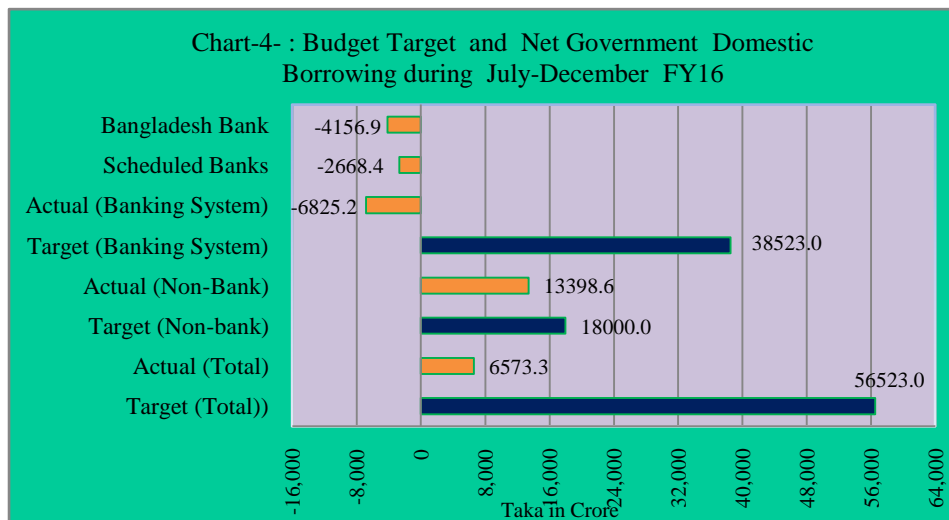
borrowed Tk.13398.6 crore from other than banking sources (including NSD, Treasury Bills and Treasury Bonds) during the same period.



Monthly movement of government's net domestic borrowing is represented in chart-3. Government's holding of cash balances or repayments were higher than the borrowings from banking system in the month of December'15 compared to the previous month. As a result, net Govt. borrowing in December'15 was much lower than the previous

month.

In the budget of FY16, Tk.56523.0 crore was fixed for borrowing from domestic sources by the government of which Tk.38523.0 crore and Tk.18000 crore have been targeted to borrow from the banking and non-banking sources respectively. During July-



December FY16, the total repayment and holding of cash balances with Bangladesh Bank and scheduled banks stood at Tk.4156.9 crore and Tk.2668.4 crore respectively. The government borrowed (net) Tk. 3972.3 crore through T-Bills and T-Bonds which covered 10.3 percent of the total budget target from the banking system. Moreover, government borrowed Tk.13398.6 crore from other than banks (including NSD, T-Bills and Bonds), which covered 74.4 percent of the total budget target from non-banking sources. Government borrowed Tk.13305.6 crore through NSD instruments during the period against the target of Tk.15000.0 crore of FY16. The total net government domestic borrowing (banking and non-banking sources) stood at Tk.6573.3 crore after the adjustment with government deposits and other items during July- December of FY16. A comparative picture of government total budget target and actual domestic borrowing during July- December of FY16 is produced in chart-4.

Annex-1

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

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 15	Outstanding as on 30 November 15	Outstanding as on 31 December 15	(Provisional) (Taka in crore)		
							Change (+) / (-)		
							December 15	Jul-Dec	
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	0.0	0.0	0.0	-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.	Devolvement			107.3	107.3	899.1	791.8	791.8	
	a) Treasury Bills			0.0	0.0	0.0	0.0	0.0	
	b) Treasury Bonds			107.3	107.3	899.1	791.8	791.8	
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			2.9	2.2	15.9	13.7	13.0	
8.	Government Deposits (-)			-135.7	-1082.6	-2247.0	-1164.4	-2111.3	
9.	BB's Balances of GIIB Fund			-11108.3	-12832.3	-11523.3	1309.0	-415.0	
A.	Total : (1 +...+ 8)			809.3	-4297.7	-3347.6	950.1	-4156.9	
B. Deposit Money Banks (DMBs)									
1. Government Treasury Bills									
	i) Treasury Bills (Less than 1 year)		To increase Government	30544.7	30522.88	28407.17	-2115.7	-2137.5	
2.	Bangladesh Govt. Treasury Bonds (BGTB)			92474.5	98250.6	98126.0	-124.6	5651.5	
	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	9141.30	8974.15	-167.2	233.7	
	ii) 5-years Bangladesh Govt. Treasury Bonds			26550.7	27024.98	26811.70	-213.3	261.0	
	iii) 10-years Bangladesh Govt. Treasury Bonds			35227.6	37518.57	37476.68	-41.9	2249.1	
	iv) 15-years Bangladesh Govt. Treasury Bonds					14259.13	10.4	1398.7	
	v) 20-years Bangladesh Govt. Treasury Bonds			12860.4	14248.74				
				9095.4	10317.00	10604.29	287.3	1508.9	
3.	Others Treasury Bonds (a+b)			14330.5	13904.1	13904.1	0.0	-426.4	
	a) 1 Year and above but less than 5 years (Specialized Bonds)			200.0	0.0	0.0	0.0	-200.0	
	i) 3-Years and 4-years (BPC) Treasury Bond bearing 7.0 percent interest ^{1/}	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)			14130.5	13904.1	13904.1	0.0	-226.4	
	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 ^{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	14.4	11.6	11.6	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-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	Issued 29 June-2013 and		2000.0	2000.0	2000.0	0.0	0.0	
	ix) 8-years SPTB-2021 bearing 7.0 percent	Issued 29 June-2013 and	To increase Government cash balance	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	142677.6	140437.2	-2240.4	3087.5	
5.	Prize Bond/Income Tax Bond			32.5	34.2	30.9	-3.3	-1.6	
6.	Government's other Securities			2.9	2.5	2.4	-0.1	-0.5	
7.	Advances to Food Ministry			590.7	186.7	172.7	-14.0	-418.0	
8.	Advances to Other Ministries			1177.9	1266.0	1129.1	-136.9	-48.8	
9.	Advances to Auto./Semi-Autonomous Bodies			1565.6	1844.4	1623.7	-220.7	58.1	
10.	Accrued Interest			3344.0	4409.9	2433.7	-1976.2	-910.3	
11.	Deposits of Ministries and Departments (-)			-17615.2	-19060.6	-19826.8	-766.2	-2211.6	
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-29501.4	-30938.1	-32089.6	-1151.5	-2588.2	
	i) Investment to GIIB Fund			13498.7	14777.7	14033.7	-744.0	535.0	
	ii) Borrowing from GIIB Fund			-2539.6	-2129.6	-2709.6	-580.0	-170.0	
B. Total : (4+...+12)				107905.8	113070.7	105237.4	-7833.3	-2668.4	
Grand Total : (A+B)*				108715.0	108772.9	101889.8	-6883.1	-6,825.2	

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 GIIB Fund

Source: Debt Management Department, Statistics Department, Bangladesh Bank (Figures of Treasury Bills and Bonds (Including Special Bonds) are collected from DMD).

Nov-06
-0.2586

Annex-2

		July-December 2014				July-December 2015			
May-00	Particulars	Sale	Repayment		Net Sale	Sale	Repayment		Net
Nov-01			Principal	Interest			Principal	Interest	
Jan-03	2	3	4	5	6 = (3-4)	7	8	9	10 = (7-8)
Nov-06	(Taka in Crore)								
Apr-00	NSD Instruments								
15637.021	Defence Savings Certificate	0.0	3.3	5.9	-3.3	0.0	3.7	3.0	-3.7
2.	5-year Bangladesh Savings Certificate	3297.0	1792.1	909.5	1505.0	2815.7	1459.0	558.7	1356.7
3.	3-year Savings Certificate	0.0	0.0	0.0	0.0	0.0	8.1	0.0	-8.1
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	0.1	0.0	-0.1	0.0	0.0	0.0	0.0
6.	Family Savings Certificate	6795.4	451.2	1534.0	6344.1	7828.7	1871.7	2222.3	5957.0
7.	3-month interest bearing Savings Certificate	4977.8	1075.4	783.0	3902.4	6086.5	2807.1	1163.9	3279.4
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	5.2	0.5	-5.2
9.	Pensioner Savings Certificate	716.0	630.5	406.5	85.5	1356.7	858.1	375.2	498.6
10.	Post Office Savings Bank	3036.1	1961.6	466.9	1074.5	3990.2	2365.3	633.2	1625.0
	a) General Account	643.5	567.2	25.5	76.3	810.7	661.7	19.5	149.1
	b) Fixed Account	2392.6	1394.4	441.4	998.1	3179.5	1703.6	613.7	1475.9
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	45.9	45.4	0.0	0.5	36.8	52.3	0.3	-15.6
12.	Prize Bond	32.6	20.8	7.4	11.8	35.0	24.7	5.8	10.3
13.	Wage Earners' Development Bond	350.2	173.3	417.2	176.9	617.9	120.1	317.9	497.8
14.	3-year National Investment Bond	0.0	0.7	0.2	-0.7	0.0	0.6	0.1	-0.6
15.	US \$ Premium Bond	25.4	25.5	9.7	-0.1	15.4	23.6	11.5	-8.1
16.	US \$ Investment Bond	94.7	55.4	31.9	39.2	241.4	119.3	55.6	122.1
17.	Total : (1+...+15)	19371.0	6235.5	4572.2	13135.5	23024.3	9718.7	5348.0	13305.6
			Outstandings as on December 2014		Net Changes	Outstandings as on December 2015		Net Changes	
18.	Govt. Treasury Bills/Bonds		20129.9		2501.5		23669.0		93.0
	i) Government Treasury Bills		73.6		-0.3		821.02		-63.8
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		20056.4		2501.8		22848.0		156.7
	a) 2-year Bangladesh Government Treasury Bonds		621.7		133.6		381.85		-483.7
	b) 5-year Bangladesh Government Treasury Bonds		5713.0		697.9		5898.53		29.2
	c) 10-year Bangladesh Government Treasury Bonds		7352.0		1122.6		9417.36		601.4
	d) 15-year Bangladesh Government Treasury Bonds		2579.1		431.4		2974.62		118.8
	e) 20-year Bangladesh Government Treasury Bonds		3790.6		116.2		4175.63		-108.9
19.	Total Non-bank Government Borrowing (net) : (16+17)				15637.0				13398.6

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