

**Monthly Report On
Government Borrowing from Domestic Sources¹**

December, FY'17



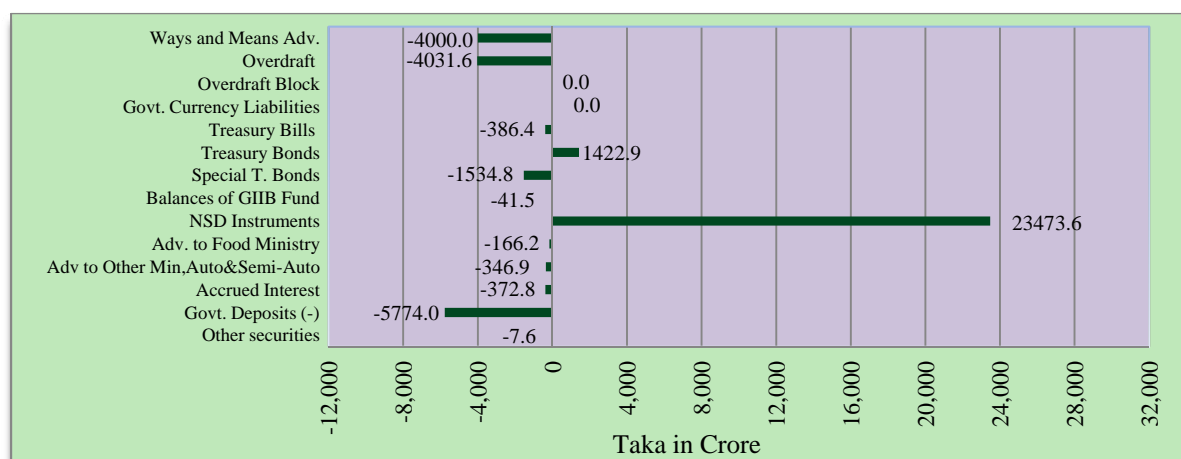
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Government Borrowing from Domestic Sources in December of FY'17

The government borrows from two domestic sources: banking system and the non-banking system, while the borrowing from banking sector is decreasing in recent times. Instrument-wise govt. domestic borrowing (net) during July-December, FY'17 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July-December, FY'17



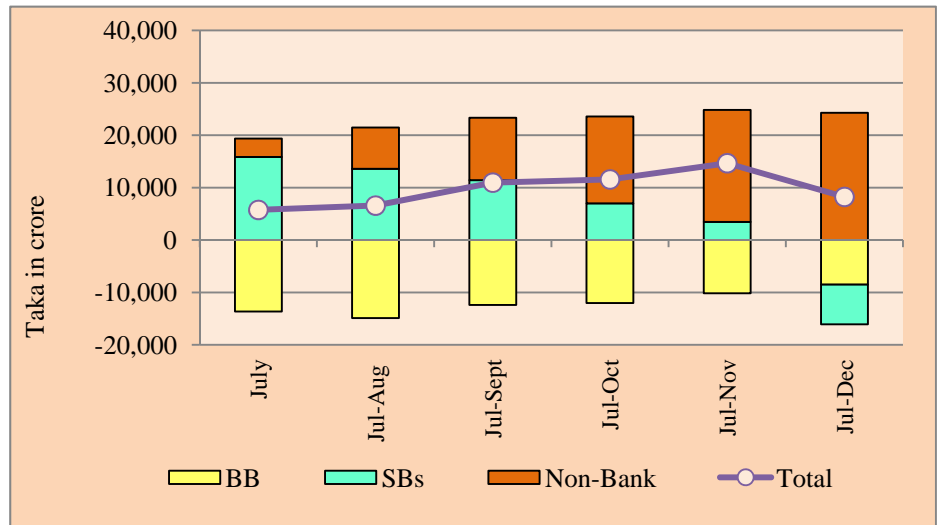
Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, December 2016

Govt. domestic borrowing (net) stood at Tk.8234.6 crore during July-December of FY'17 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).

However, the amount was Tk.14666.0 crore and Tk.6573.3 crore during July-November and the same period of the previous year respectively. It is noticed that the govt. domestic borrowing (net) during July-December, FY'17 is 25.27 percent higher than that of the same period of the previous year. It may be mentioned that Govt. borrowed Tk.23473.6 crore through NSD instruments during the period. It is observed that govt. deposits increased by Tk.5774.0 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 2495.2 crore and deposits with scheduled banks (SBs) increased by Tk.3278.8 crore.

Figure-2: Movements in Government Domestic Borrowing during July-Dec, FY'17

After the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies, the govt. has borrowed less than the amount of repayment and holding cash balances through banking system during July-December of FY'17.



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, December 2016.

Govt. borrowing from the banking system decreased by Tk.16062.8 crore during July-December of FY'17. On the other hand total non- bank govt. borrowing (net) stood at Tk.24297.5 crore during the period. As a result, govt. borrowing (net) from the domestic sources during July-December of FY'17 stood at Tk. 8234.6 crore. The movement in net govt. borrowing from different domestic sources during July-December of FY'17 is demonstrated in Figure-2.

Figure-3: Monthly Trends in Government Domestic Borrowing during July-December of FY'17

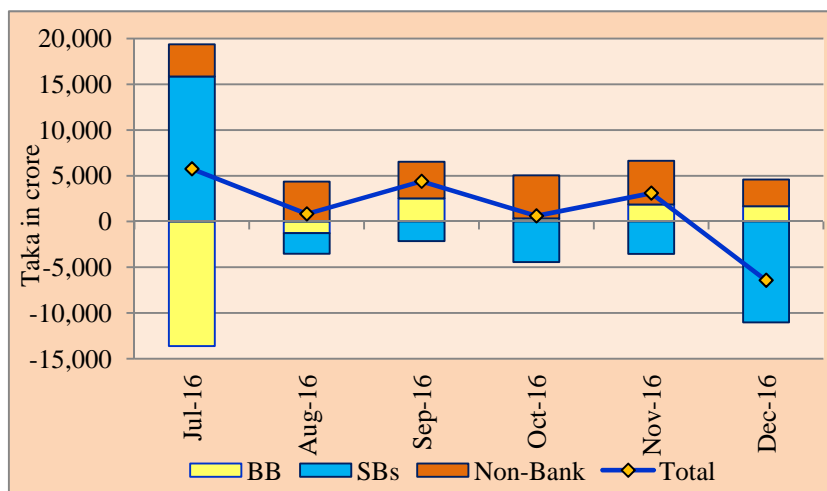
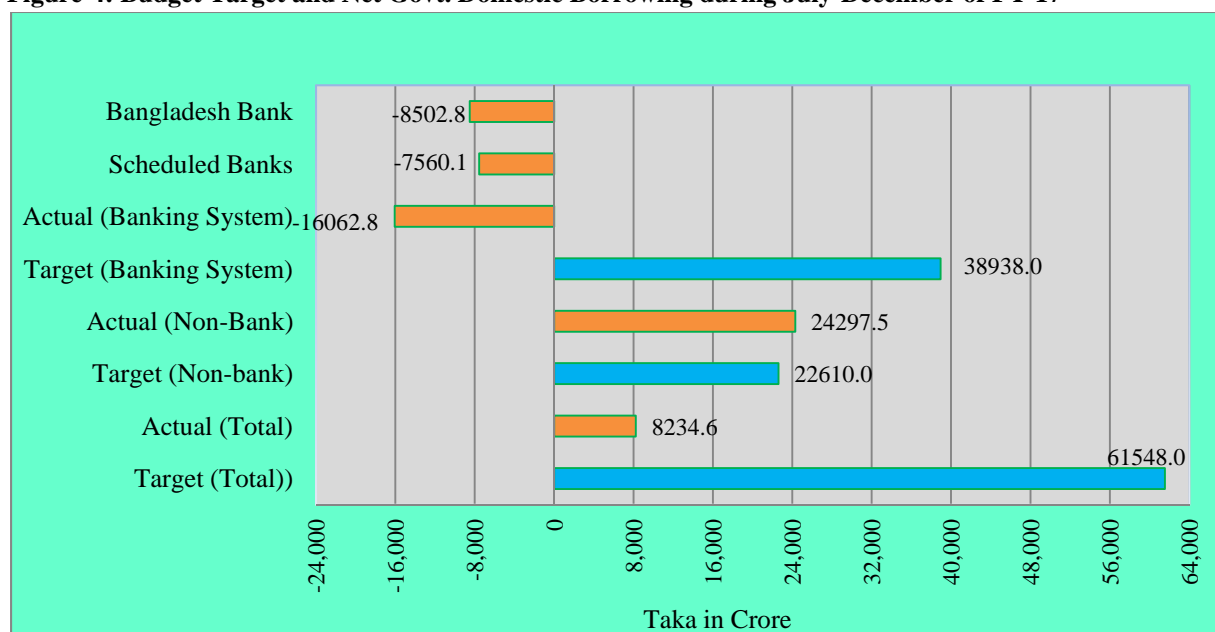


Figure-3 shows that govt. net borrowing sharply decreased by TK. 6431.4 crore (repaid TK. 11025.2 crore to SBs and borrowed TK. 1664.4 crore from BB and TK. 2929.4 crore through NSD certificates) in December, 16. Govt. borrowing from the domestic sources increased by TK. 3096.2 crore in November 16.

Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, December 2016.

In the budget of FY'17, Tk.61548.0 crore has been fixed for borrowing from domestic sources by the government of which Tk.38938.0 crore and Tk.22610.0 crore have been targeted to borrow from banking and non-banking sources respectively. During July-December of FY'17, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 8502.8 crore. On the other hand, the net repayment and holding of cash balances with from scheduled banks stood at Tk.7560.1 crore during the same period.

Figure-4: Budget Target and Net Govt. Domestic Borrowing during July-December of FY'17



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, December 2016.

A comparative picture of government total budget target and actual domestic borrowing situation during July-December of FY'17 is shown in Figure-4. During the period, govt. repaid (net) Tk. 498.3 crore through T-Bills and Bonds from the banking system. Moreover, government borrowed Tk. 24297.5 crore from other than banks (including NSD, T-Bills and Bonds). Government borrowed Tk. 23473.6 crore through NSD instruments during the period. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 8234.6 crore during July-December of FY'17 which is 13.4 percent of total budget target.

Major Changes/Findings of the Govt. Borrowings from Domestic Sources:

- Total Govt. domestic borrowings (net) from banking system decreased by Tk.160.6 billion during July-December of FY'17.
- Govt. borrowed Tk. 243.0 billion (of which Tk. 234.7 billion through NSD instruments) from other than banks during July-December of FY'17, which already has exceeded the total budget target from non-banking sources.
- As the interest rate of NSD certificate is significantly higher than any other interest rate prevailing in the domestic market, Govt. borrowing is increasing much through NSD certificate.

Table I : Government Borrowing Position from the Banking System during July-December of FY17

(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 16	Outstanding as on 30 November 16	Outstanding as on 30 December 16	Change (+) / (-)	
							December 16 8=(7-6)	July-December 16 9=(7-5)
A.	Bangladesh Bank							
1.	Ways and Means Advances		To increase Government cash balance	4000.0	0.0	0.0	0.0	-4000.0
2.	Overdraft			4031.6	0.0	0.0	0.00	-4031.6
3.	Overdraft Block			7185.0	7185.0	7185.0	0.0	0.0
4.	Devolvement			4678.6	4997.0	4924.8	-72.3	246.2
a)	Treasury Bills			1562.9	1306.4	1174.1	-132.3	-388.7
b)	Treasury Bonds			3115.7	3690.6	3750.6	60.0	635.0
5.	Government Currency Liability:			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			73.9	105.2	118.1	12.9	44.2
8.	Government Deposits ^{6/} (-)			-47.1	-1688.2	-2542.3	-854.1	-2495.2
9.	BB's Balances of GIIB Fund (-)			-8590.3	-9434.6	-6856.7	2577.9	1733.6
A.	Total : (1+...+ 9)*			13358.0	3190.7	4855.2	1664.4	-8502.8
B.	Deposit Money Banks (DMBs)							
1.	Government Treasury Bills			24061.1	24145.0	24143.9	-1.1	82.8
i)	Treasury Bills (Less than 1 year)		To increase Government cash balance	24061.1	24145.0	24143.9	-1.1	82.8
2.	Bangladesh Govt. Treasury Bonds (BGTB)			100829.5	101129.9	100713.1	-416.8	-116.5
i)	2-years Bangladesh Govt.Treasury Bonds		To increase long-term investment of different	8521.5	7337.4	7121.3	-216.2	-1400.2
ii)	5-years Bangladesh Govt.Treasury Bonds		banks, non-bank financial	26336.6	26416.3	26204.6	-211.7	-132.0
iii)	10-years Bangladesh Govt.Treasury Bonds		institutions and	38596.0	38890.3	38782.8	-107.4	186.8
iv)	15-years Bangladesh Govt.Treasury Bonds		employees GF of different	15365.0	15937.3	15989.3	52.0	624.3
v)	20-years Bangladesh Govt.Treasury Bonds		companies	12010.5	12548.6	12615.1	66.5	604.6
3.	Others Treasury Bonds			13887.7	13302.9	12352.9	-950.0	-1534.8
a)	5 Years and above (Specialized Bonds)			13887.7	13302.9	12352.9	-950.0	-1534.8
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 ^{2/}	Issued 1 Nov-1993 and maturity date 1 Nov-2018	To compensate for the liquidation of jute sector credit	53.2	29.6	29.6	0.0	-23.6
iii)	25-years (Jute) Treasury Bond-2019 bearing 5.0 percent interest ^{4/}	Issued 30 Jun-1994 and maturity date 30 Jun-2019	To compensate for the liquidation of jute sector credit	36.9	36.9	36.9	0.0	0.0
iv)	25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest ^{1/ 2/}	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.	11.6	8.9	8.9	0.0	-2.7
v)	10-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest	Issued 25 Sep-2007 and Maturity date from 25 Sep-2014 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	2922.5	2922.5	2922.5	0.0	0.0
vi)	5-years and 6-years (BPC) Treasury Bond bearing 7.0 percent interest ^{5/}	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	1900.0	950.0	-950.0	-1150.0
vii)	5-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest ^{6/}	Issued 23 Oct-2011 and maturity date 23 October 2016, 20, 22 & 24 respectively	To repay the loan of BJMC	2150.4	1792.0	1792.0	0.0	-358.4
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)			138778.4	138577.8	137209.9	-1367.9	-1568.5
5.	Prize Bond/Income Tax Bond			30.5	25.6	22.0	-3.6	-8.5
6.	Government's other Securities:			2.8	4.6	3.7	-0.9	0.9
7.	Advances to Food Ministry			549.4	360.0	383.2	23.2	-166.2
8.	Advances to Other Ministries			1453.8	1483.8	1359.6	-124.2	-94.2
9.	Advances to Auto./Semi-Autonomous Bodies			1908.4	2253.9	1655.7	-598.2	-252.7
10.	Accrued Interest			2908.7	5388.3	2491.7	-2896.6	-417.0
11.	Deposits of Ministries and Departments (-)			-21805.5	-20868.3	-22330.4	-1462.1	-524.9
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-34069.1	-34817.0	-36823.0	-2006.0	-2753.9
13.	SBs's Balances of GIIB Fund (i+ii)			8414.5	9228.3	6639.4	-2588.9	-1775.1
i)	Investment to GIIB Fund			12189.1	12617.9	10584.0	-2033.9	-1605.1
ii)	Borrowing from GIIB Fund (-)			-3774.6	-3389.6	-3944.6	-555.0	-170.0
B.	Total : (4+...+13)			98171.9	101637.0	90611.8	-11025.2	-7560.1
Grand Total : (A+B)*				111529.8	104827.8	95467.0	-9360.8	-16,062.8

Notes: @/ Including other deposits.

1/ 2 year Bangladesh Government Treasury Bond was introduced in May 201

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. 2.7 crore was paid in July 2016 against the outstanding of Tk. 11.6 crore in June 2016

3/ *Including GIIB Fund

4/ An amount of Tk. 16.4 crore was paid in June 2016 against the outstanding of Tk. 53.3 crore in June 2015

5/ An amount of Tk. 1150.0 crore was paid upto December 2016 against the outstanding of Tk. 2100 crore in June 2016

6/ An amount of Tk. 358.4 crore was paid in October 2016 against the outstanding of Tk. 2150.4 crore in June 2016

7/ An amount of Tk. 23.6 crore was paid in November 2016 against the outstanding of Tk. 53.2 crore in June 2016

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 FY17

(Taka in Crore)

Sl. No.	Particulars	July-December 2015				July-December 2016			
		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)
	<u>NSD Instruments</u>								
1.	Defence Savings Certificate	0.0	3.7	3.0	-3.7	0.0	1.0	1.3	-1.0
2.	5-year Bangladesh Savings Certificate	2815.7	1459.0	558.7	1356.7	3059.1	767.4	240.4	2291.7
3.	3-year Savings Certificate	0.0	8.1	0.0	-8.1	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	7828.7	1871.7	2222.3	5957.0	12530.5	2913.6	3574.7	9616.9
7.	3-month interest bearing Savings Certificate	6086.5	2807.1	1163.9	3279.4	8797.4	2864.6	1669.3	5932.9
8.	Jamanat Savings Certificate	0.0	5.2	0.5	-5.2	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	1356.7	858.1	375.2	498.6	2349.0	694.8	483.9	1654.1
10.	Post Office Savings Bank	3990.2	2365.3	633.2	1625.0	6182.1	2776.3	677.8	3405.8
	a) General Account	810.7	661.7	19.5	149.1	1119.3	852.8	45.4	266.5
	b) Fixed Account	3179.5	1703.6	613.7	1475.9	5062.8	1923.5	632.3	3139.3
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	36.8	52.3	0.3	-15.6	43.2	43.6	12.5	-0.4
12.	Prize Bond	35.0	24.7	5.8	10.3	42.3	20.0	7.6	22.4
13.	Wage Earners' Development Bond	617.9	120.1	317.9	497.8	564.0	83.5	238.8	480.5
14.	3-year National Investment Bond	0.0	0.6	0.1	-0.6	0.0	0.6	0.1	-0.6
15.	US \$ Premium Bond	15.4	23.6	11.5	-8.1	11.3	14.7	12.4	-3.4
16.	US \$ Investment Bond	241.4	119.3	55.6	122.1	164.4	89.8	35.5	74.6
17.	Total : (1+...+15)	<u>23024.3</u>	<u>9718.7</u>	<u>5348.0</u>	<u>13305.6</u>	<u>33743.3</u>	<u>10269.7</u>	<u>6954.3</u>	<u>23473.6</u>
		Outstandings as on December 2015			Net Changes	Outstandings as on December 2016			Net Changes
18.	Govt. Treasury Bills/Bonds		<u>23669.0</u>		<u>93.0</u>		<u>24917.4</u>		<u>823.9</u>
	i) Government Treasury Bills		821.02		-63.8		231.85		-80.5
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		<u>22848.0</u>		<u>156.7</u>		24685.54		<u>904.4</u>
	a) 2-year Bangladesh Government Treasury Bonds		381.85		-483.7		478.90		10.2
	b) 5-year Bangladesh Government Treasury Bonds		5898.53		29.2		6027.12		-62.5
	c) 10-year Bangladesh Government Treasury Bonds		9417.36		601.4		10254.76		432.5
	d) 15-year Bangladesh Government Treasury Bonds		2974.62		118.8		3311.26		248.7
	e) 20-year Bangladesh Government Treasury Bonds		4175.63		-108.9		4613.50		275.4
19.	Total Non-bank Government Borrowing (net) : (17+18)				<u>13398.6</u>				<u>24297.5</u>

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