

Monthly Report On
Government Borrowing from Domestic Sources¹

July-February, FY19



**Research Department
Bangladesh Bank**

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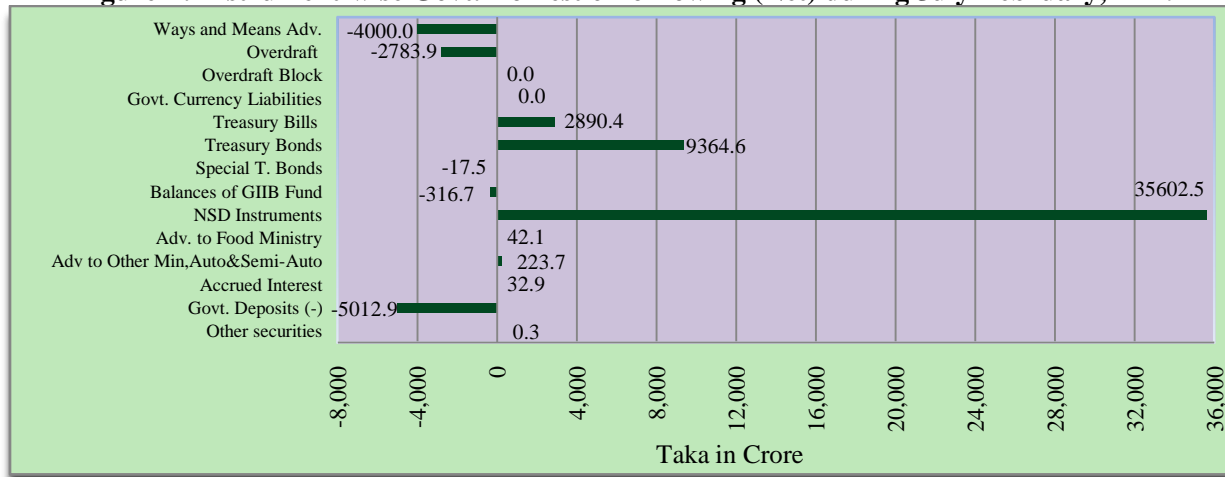
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Government Borrowing from Domestic Sources in July-February, FY19

The government borrows from two domestic sources: banking system through Treasury Bills (T-Bills) & Bonds and the non-banking system mainly through National Savings Directorate (NSD). Instrument-wise govt. domestic borrowing (net) during July-February, FY19 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July-February, FY19



Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, February 2019

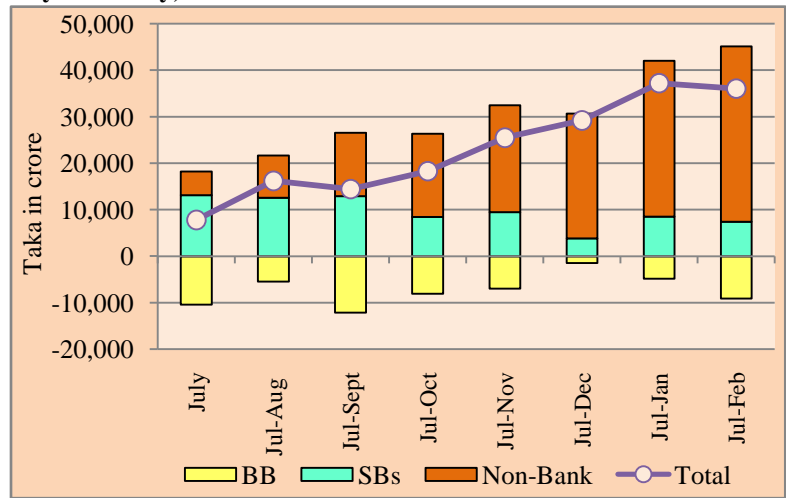
Govt. domestic borrowing (net) stood at Tk. 36025.4 crore during July-February, FY19 after the adjustments with T-Bills and Bonds, NSD, Ways and Means Advances (WMA), advances to Food Ministry and other Ministries, Overdraft (OD) current and block accounts, accrued interest, and advances and deposits 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). The amount was Tk. 37234.5 crore and Tk. 11651.3 crore during July- January of FY19 and July-February of FY18 respectively. The govt. domestic borrowing (net) during July-February, FY19 is 209.2 percent higher than that of the same period of the previous year.

It may be mentioned that Govt. borrowed Tk. 35602.5 crore through NSD instruments in July-February, FY19. On the other hand, Govt. borrowed (net) Tk. 10080.3 crore through T-Bills and Bonds from the banking system at the same period. It is observed that govt. deposits increased by Tk. 5012.9 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 5147.1 crore and deposits with scheduled banks (SBs) decreased by Tk. 134.2 crore.

From Figure-2, it is observed that the govt. net borrowing from banking system was positive in July, FY19. It has been increased up to July-January of FY19. But, the same has been decreased by Tk. 1734.3 crore in July-February, FY19.

In addition, non-bank govt. borrowing (net) stood at Tk. 37759.7 crore during July-February, FY19.

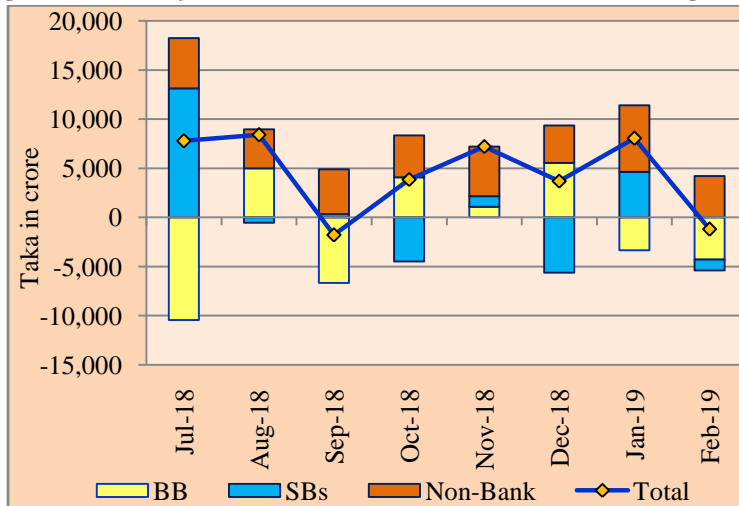
Figure-2: Movements in Government Domestic Borrowing during July-February, FY19



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, February 2019.

As a result, govt. borrowing (net) from the domestic sources in July-February, FY19 stood at Tk. 36025.4 crore. The movement in net govt. borrowing from different domestic sources during July-February, FY19 is demonstrated in Figure-2.

Figure-3: Monthly Trends in Government Domestic Borrowing during July-February of FY19



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, February 2019.

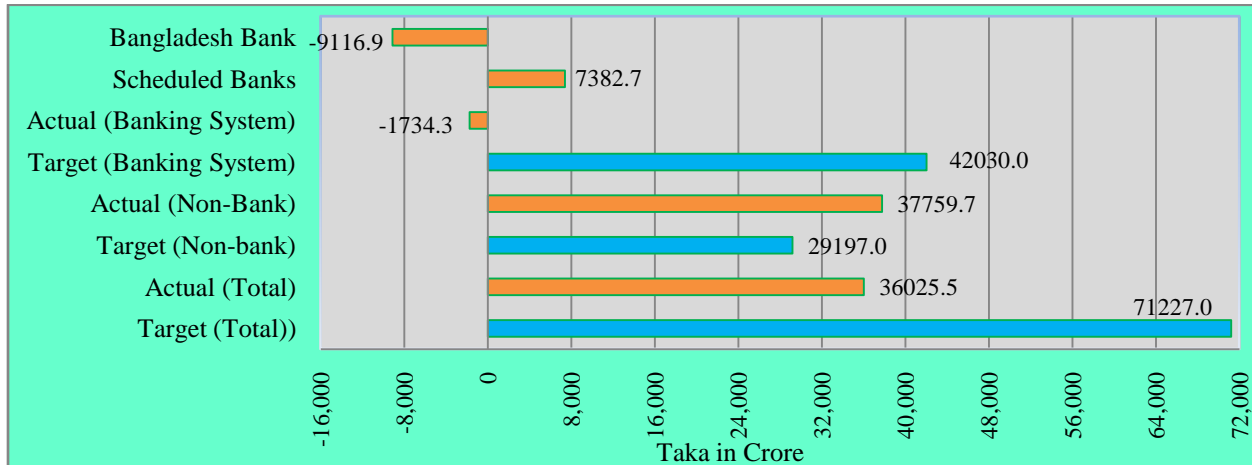
Figure-3 shows the monthly movement of government net domestic borrowing of July-February, FY19.

During the month of February, 2019, Govt. domestic borrowing has been decreased sharply by Tk. 1209.1 crore (borrowed Tk. 4192.3 crore from non-bank and repaid Tk. 4299.1 crore to BB and Tk. 1102.4 crore to SBs) which is Tk. 9250.3 crore lower than that of the month of January, 2019.

In the budget of FY19, it has been fixed for govt. borrowing from domestic sources at Tk. 71227.0 crore of which Tk. 42030.0 crore from banking system and Tk. 29197.0 crore from non-banking sources.

During July-February of FY19, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 9116.9 crore. On the other hand, the net borrowing from scheduled banks stood at Tk. 7382.7 crore during the same period.

Figure-4: Budget Target and Govt. Net Domestic Borrowing during July-February of FY19



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, February 2019.

A comparative picture of government total budget target and actual domestic borrowing situation during July-February of FY19 is shown in Figure-4. Government total borrowing from Non-banks (including NSD instruments, T-Bills and Bonds issued by other than banks) stood at Tk. 37759.7 crore of which Tk. 35602.5 crore was borrowed through NSD instruments during July-February of FY19. The total government net domestic borrowings (banking and non-banking sources) stood at Tk. 36025.5 crore during July-February of FY19 which is 50.6 percent of total budget target.

Major Findings of the Govt. Borrowings from Domestic Sources:

- From banking system, total outstanding of Govt. domestic borrowings decreased by Tk. 17.3 billion during July-February of FY19 compared to the outstanding of Govt. domestic borrowings of June, FY18.
- Govt. borrowed Tk. 377.6 billion (of which Tk. 356.0 billion through NSD instruments) from other than banks during July-February of FY19, which has already exceeded the Non-Bank budget target.
- 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-February of FY19.
- Government borrowings from NSD instrument is significantly increasing due to its relatively higher interest rate than other savings rates.

Table I : Government Borrowing Position from the Banking System during July-February of FY19

(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 18	Outstanding as on 31 January 19	Outstanding as on 28 February 19	Change (+) / (-)	
							February 19	July-February 19
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	4000.0	0.0	0.0	0.0	-4000.0
2.	Overdraft			2783.9	0.0	0.0	0.0	-2783.9
3.	Overdraft Block			4185.0	4185.0	4185.0	0.0	0.0
4.	Devolvement			10682.9	16221.7	15966.9	-254.8	5284.0
a)	Treasury Bills			4881.7	7197.3	6942.6	-254.8	2060.9
b)	Treasury Bonds			5801.3	9024.3	9024.3	0.0	3223.1
5.	Government Currency Liabilities			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			111.9	115.5	232.2	116.7	120.3
8.	Government Deposits ^{@/} (-)			-32.5	-1066.4	-5179.6	-4113.2	-5147.1
9.	BB's Balances of GHB Fund (-)			-1300.5	-3842.9	-3890.7	-47.8	-2590.2
A. Total : (1 +...+ 9)*				22457.0	17639.2	13340.1	-4299.1	-9116.9
B. Deposit Money Banks (DMBs)								
1. Government Treasury Bills								
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	21232.3	21349.6	21472.4	122.8	240.1
2. Bangladesh Govt. Treasury Bonds (BGTB)								
	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	8018.5	8821.3	9317.3	496.0	1298.8
	ii) 5-years Bangladesh Govt. Treasury Bonds			21369.1	22358.7	22368.2	9.5	999.1
	iii) 10-years Bangladesh Govt. Treasury Bonds			39736.2	39705.5	39279.4	-426.1	-456.8
	iv) 15-years Bangladesh Govt. Treasury Bonds			18710.4	19795.6	19792.3	-3.2	1082.0
	v) 20-years Bangladesh Govt. Treasury Bonds			15692.6	17344.3	17343.3	-1.1	1650.7
3. Others Treasury Bonds								
a) 1 Year and above but less than 5 years (Specialized Bonds)								
	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)								
	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-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	14.8	0.0	0.0	0.0	-14.8
	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	10.3	10.3	10.3	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 the private banks.	6.2	3.4	3.4	0.0	-2.7
	v) 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	2822.5	2822.5	2822.5	0.0	0.0
	vi) 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
	vii) 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
	viii) 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
	ix) 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)				135584.3	140182.7	140380.6	197.8	4796.3
5.	Prize Bond/Income Tax Bond			25.3	10.3	25.6	15.3	0.3
6.	Government's other Securities			4.7	4.7	4.7	0.0	0.0
7.	Advances to Food Ministry			859.5	829.4	901.6	72.2	42.1
8.	Advances to Other Ministries			1583.1	1588.8	1624.9	36.1	41.8
9.	Advances to Auto./Semi-Autonomous Bodies			2375.4	3044.7	2557.3	-487.4	181.9
10.	Accrued Interest			2121.0	1988.3	2033.6	45.3	-87.4
11.	Deposits of Ministries and Departments (-)			-31161.7	-30173.0	-32321.0	-2148.0	-1159.3
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-44628.6	-44481.8	-43355.1	1146.7	1293.5
13. SIB's Balances of GHB Fund (i+ii)				1053.5	3307.4	3327.0	19.6	2273.5
i)	Investment to GHB Fund			9154.4	9928.4	10098.0	169.6	943.6
ii)	Borrowing from GHB Fund (-)			-8100.9	-6621.0	-6771.0	-150.0	1329.9
B. Total : (4+...+13)				67816.5	76301.5	75199.2	-1102.4	7382.7
Grand Total : (A+B)*				90273.6	93940.7	88539.3	-5401.4	-1734.3

Notes: @/ Including other deposits.

1/ An amount of Tk. 2.7 crore was paid in July 2018 against the outstanding of Tk. 6.2 crore in June 2018

2/ An amount of Tk. 14.8 crore was paid in November 2018 against the outstanding of Tk. 14.8 crore in June 2018

*Including GHB 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 (Net) from Other than Banks during July-February of FY19

(Taka in Crore)

Sl. No.	Particulars	July-February 2018				July-February 2019			
		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	1.0	0.6	-1.0	0.0	0.7	0.9	-0.7
2.	5-year Bangladesh Savings Certificate	4150.5	1625.1	794.6	2525.4	6806.0	2751.0	602.5	4055.0
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	17667.6	5753.3	6203.9	11914.3	18139.4	7186.9	7772.6	10952.5
7.	3-month interest bearing Savings Certificate	15658.5	6756.3	3643.9	8902.3	19185.0	7326.6	4057.4	11858.4
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	4203.5	1425.6	986.5	2777.9	3479.9	1209.5	1478.5	2270.4
10.	Post Office Savings Bank	10342.6	4848.4	991.1	5494.3	12059.2	6383.9	1264.2	5675.3
	a) General Account	1913.9	1586.5	34.5	327.4	2155.7	1893.9	44.8	261.8
	b) Fixed Account	8428.7	3261.8	956.5	5166.8	9903.5	4490.0	1219.5	5413.5
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	54.4	57.3	17.4	-2.8	63.2	57.6	19.0	5.6
12.	Prize Bond	50.8	25.2	17.2	25.6	56.4	30.7	17.8	25.7
13.	Wage Earners' Development Bond	1469.2	107.2	421.6	1362.0	898.3	165.1	628.3	733.2
14.	3-year National Investment Bond	0.0	0.2	0.0	-0.2	0.0	0.7	0.0	-0.7
15.	US \$ Premium Bond	16.1	13.3	17.4	2.8	22.3	22.5	18.2	-0.2
16.	US \$ Investment Bond	218.4	99.1	45.8	119.3	302.8	274.7	138.4	28.1
17.	Total : (1+...+16)	53831.6	20711.9	13140.0	33119.8	61012.3	25409.8	15997.7	35602.5
			Outstandings as on February 2018		Net Changes July-Feb, 2018		Outstandings as on February 2019		Net Changes July-Feb, 2019
18.	Govt. Treasury Bills/Bonds		<u>26423.1</u>		<u>1057.9</u>		<u>28482.9</u>		<u>2157.2</u>
	i) Government Treasury Bills		271.51		50.9		820.41		589.4
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		<u>26151.6</u>		<u>1007.0</u>		27662.51		<u>1567.8</u>
	a) 2-year Bangladesh Government Treasury Bonds		285.51		-86.2		115.25		-77.1
	b) 5-year Bangladesh Government Treasury Bonds		6094.94		316.8		6276.89		206.4
	c) 10-year Bangladesh Government Treasury Bonds		10812.87		521.4		11510.46		592.7
	d) 15-year Bangladesh Government Treasury Bonds		4030.01		241.9		4712.24		627.4
	e) 20-year Bangladesh Government Treasury Bonds		4928.30		13.1		5047.67		218.4
19.	Total Non-bank Government Borrowing (net) : (17+18)				34177.7				37759.7

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