

Monthly Report On Government Borrowing from Domestic Sources

July-January of FY16¹

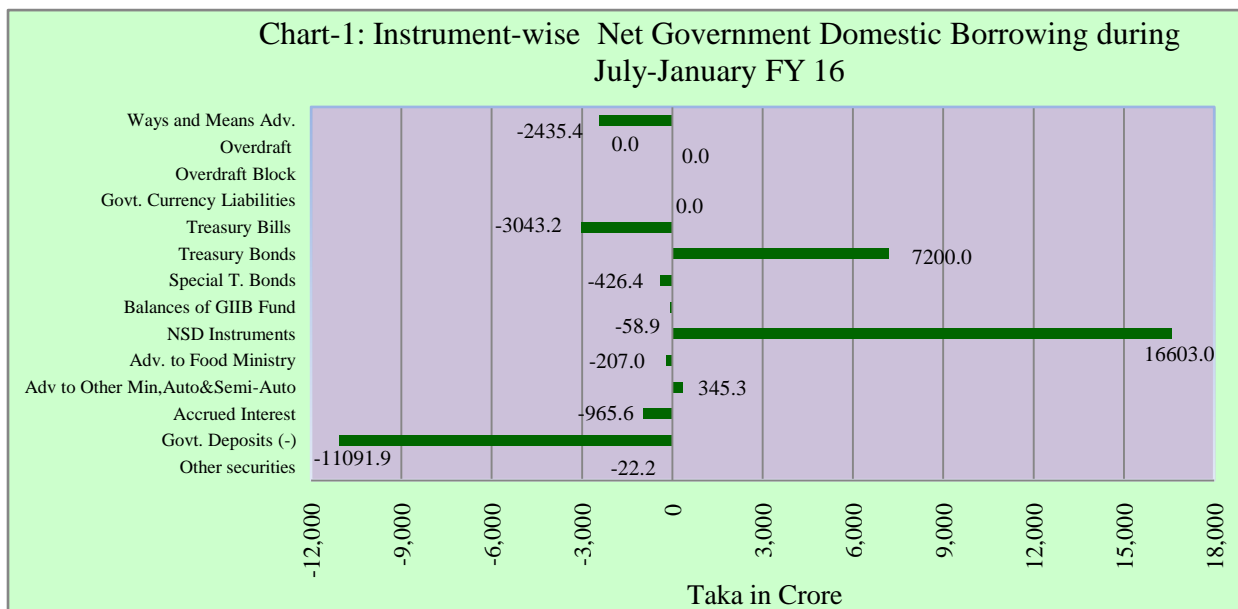


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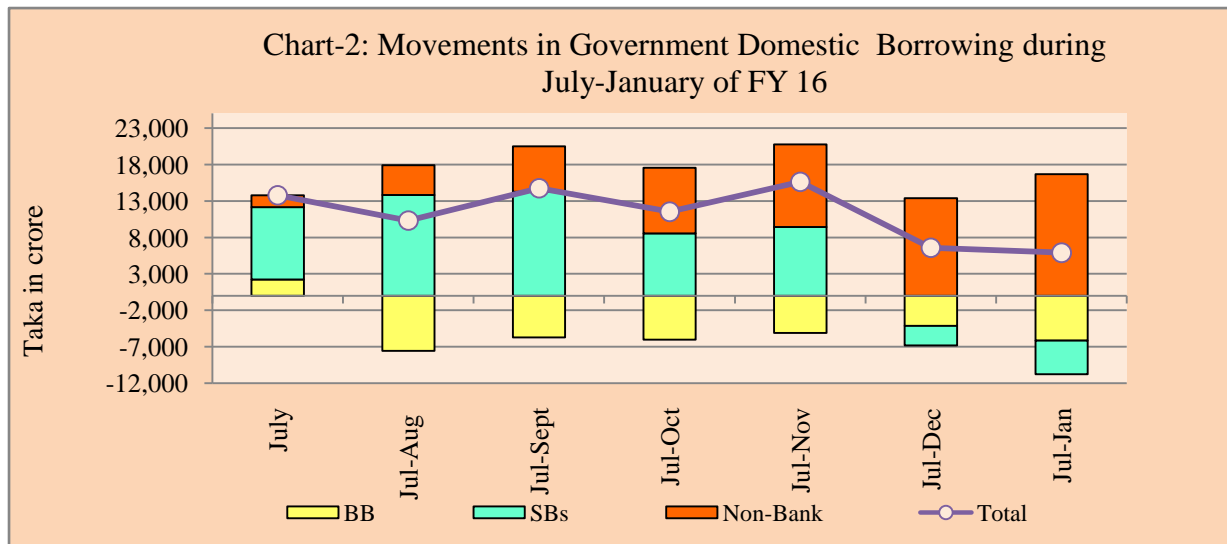
Government Borrowing from Domestic Sources during July-January of FY16

Government 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 mainly from banking system through Treasury Bills and Bonds; in addition to that govt. borrows from non-banking sources through National Saving Directorate (NSD). It is observed that the govt. borrowed Tk.6773.6 crore (net) through Bonds and repaid net of Tk.3043.2 crore through Treasury Bills during July-January of FY16. Govt. borrowed Tk.16603.0 crore through NSD instruments during the period under report.

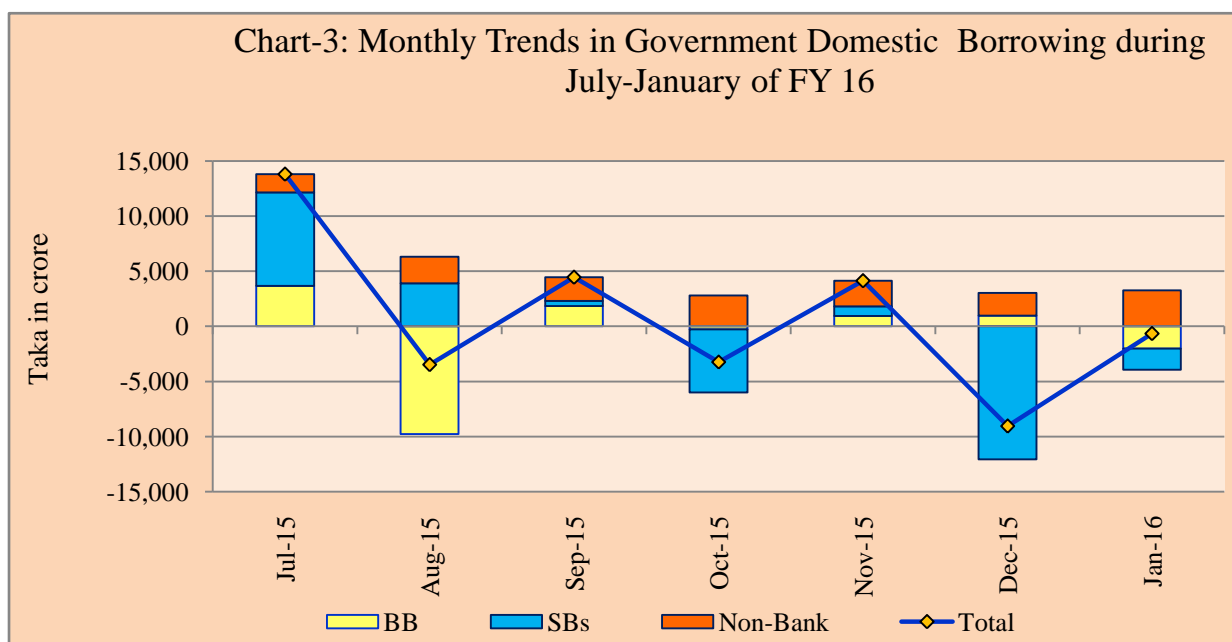


Net govt. domestic borrowing stood at Tk.5897.7 crore during July-January of FY16 after the adjustments with Treasury Bills and Bonds, NSD, Ways and Means Advances (WMA), advances to Food Ministry and other Ministries, Overdraft current and block accounts, accrued interest, and advances and deposits of autonomous and semi-autonomous bodies, balances of GIIB 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). During the period, govt. deposits increased by Tk. 11091.9 crore (net) with the banking system. Deposits with Bangladesh Bank increased by Tk. 7837.6 crore whereas deposits with scheduled banks increased by Tk.3254.3 crore. Instrument-wise net govt. domestic borrowing during July-January'16 is depicted in chart-1.

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- January of FY16. Repayment of Govt. or holding cash amount with BB stood at Tk.6188.7 crore and Tk.4580.8 crore with scheduled banks. In contrast, Govt. borrowed Tk. 16664.2 crore from other than banking sources (including NSD, Treasury Bills and Treasury Bonds) during the period. The movement in net govt. borrowing from different domestic sources during July-January of FY16 is demonstrated in chart-2.

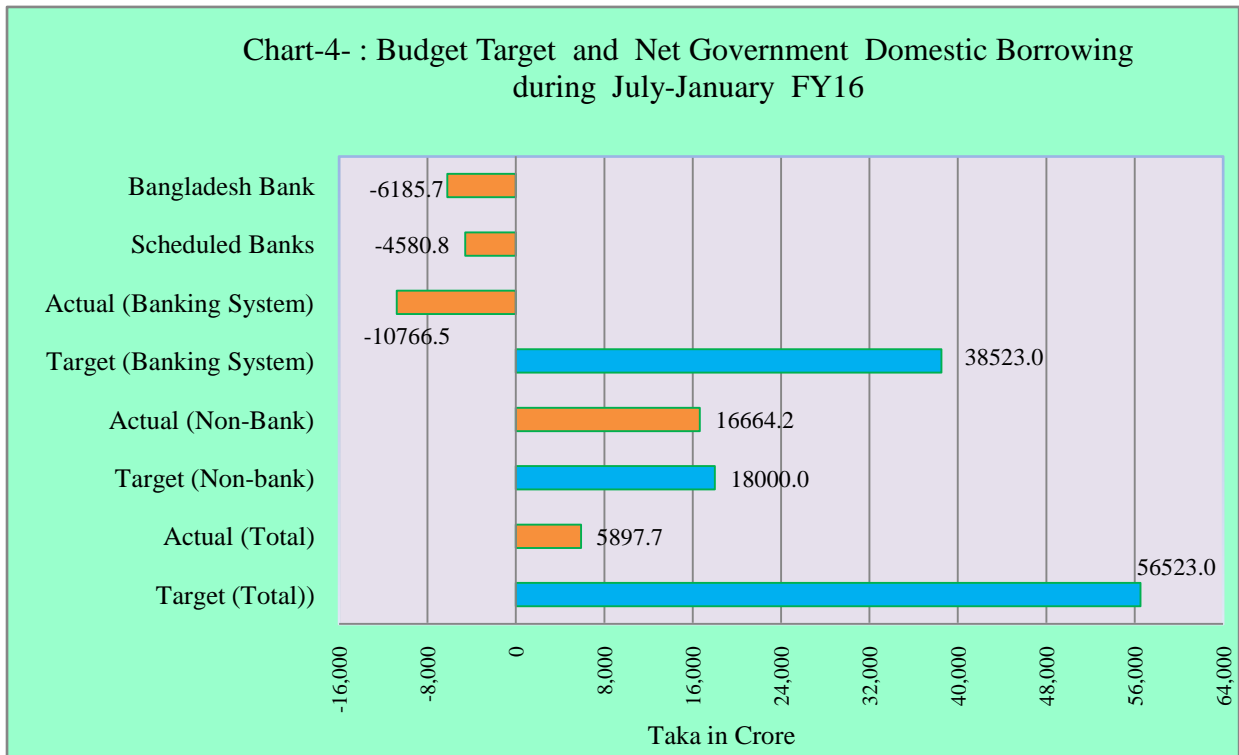


Monthly movement of government's net domestic borrowing is represented in chart-3. During the month of January'16 govt. repaid more to the banking system. Due to borrowing through NSD sales, net govt. borrowings increased slightly in January'16 compared to the previous month.



In the budget of FY16, Tk.56523.0 crore was targeted for borrowing from domestic sources by the government of which Tk.38523.0 crore and Tk.18000 crore (of which Tk.15000 crore from savings instrument) have been targeted to borrow from the banking and non-banking sources respectively. During July- January FY16, the total repayment and holding of cash balances with Bangladesh Bank stood at Tk.6185.7 crore and the total govt. borrowings from scheduled banks stood at Tk.4580.8 crore. As a result, the total govt. repayments from the banking system during this period stood at Tk.10766.5 crore. The government borrowed (net) Tk.3730.4 crore through T-Bills and T-Bonds which covered 9.7 percent of the total budget target from the banking system. Moreover, government borrowed Tk. 16664.2 crore from other than banks (including NSD, T-Bills and Bonds), which covered 92.6 percent of the total budget target from non-banking sources. Government borrowed Tk. 16603.0 crore through NSD instruments during the

Chart-4- : Budget Target and Net Government Domestic Borrowing during July-January FY16



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. 5897.7 crore after the adjustment with government deposits and other items during July- January of FY16, which covered 10.4 percent of total budget target of govt. borrowing. A comparative picture of government total budget target and actual domestic borrowing situation during July- January of FY16 is shown in chart-4.

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

Sl. No	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 15	Outstanding as on 31 December 15	Outstanding as 31 January 16	(Provisional) (Taka in crore)	
							Change (+) / (-)	
							January 16	Jul-Jan
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	2435.4	0.0	0.0	0.0	-2435.4
2.	Overdraft			0.0	0.0	0.0	0.0	0.0
3.	Overdraft Block			8685.0	8685.0	8685.0	0.0	0.0
4.	Devolvement			107.3	899.1	1973.4	1074.3	1866.1
	a) Treasury Bills			0.0	0.0	615.3	615.3	615.3
	b) Treasury Bonds			107.3	899.1	1358.2	459.1	1250.9
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	15.9	26.6	10.7	23.7
8.	Government Deposits (-)			-135.7	-2247.0	-7973.3	-5726.3	-7837.6
9.	BB's Balances of GIB Fund			-11108.3	-11523.3	-8910.8	2612.5	2197.5
A. Total : (1 +...+ 8)*				809.3	-3347.6	-5376.4	-2028.8	-6185.7
B. Deposit Money Banks (DMBs)								
1. Government Treasury Bills								
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	30544.7	28407.2	27019.5	-1387.6	-3525.2
				30544.7	28407.17	27019.52	-1387.6	-3525.2
2. Bangladesh Govt. Treasury Bonds (BGTB)								
	i) 2-years Bangladesh Govt. Treasury Bonds		To increase long-term investment of different banks, non-bank	8740.5	8974.15	8904.15	-70.0	163.7
	ii) 5-years Bangladesh Govt. Treasury Bonds			26550.7	26811.70	26681.75	-130.0	131.1
	iii) 10-years Bangladesh Govt. Treasury Bonds			35227.6	37476.68	37655.39	158.7	2407.8
	iv) 15-years Bangladesh Govt. Treasury Bonds		financial institutions and employees GF of different companies	12860.4	14259.13	14310.62	51.5	1450.2
	v) 20-years Bangladesh Govt. Treasury Bonds			9095.4	10604.29	10697.19	92.9	1601.8
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 ³	Issued 5 Oct-2011 and maturity date 5 October 2014 & 2015	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	Issued 16 Jan-2011 and maturity date 1 Nov-2018	To repay the loan of	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 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.	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 interest	Issued 29 June-2013 and maturity date 29 June-2020		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	To increase Government cash balance	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)				137349.7	140437.2	139152.7	-1284.5	1803.1
5.	Prize Bond/Income Tax Bond			32.5	30.9	10.6	-20.3	-21.9
6.	Government's other Securities			2.9	2.4	2.6	0.2	-0.3
7.	Advances to Food Ministry			590.7	172.7	383.7	211.0	-207.0
8.	Advances to Other Ministries			1177.9	1129.1	1186.4	57.3	8.5
9.	Advances to Auto./Semi-Autonomous Bodies			1565.6	1623.7	1902.4	278.7	336.8
10.	Accrued Interest			3344.0	2433.7	2354.7	-79.0	-989.3
11.	Deposits of Ministries and Departments (-)			-17615.2	-19826.8	-17950.3	1876.5	-335.1
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-29501.4	-32089.6	-32420.6	-331.0	-2919.2
13. SBs's Balances of GIB Fund (i+ii)				10959.1	11324.1	8702.7	-2621.4	-2256.4
	i) Investment to GIB Fund			13498.7	14033.7	11272.3	-2761.4	-2226.4
	ii) Borrowing from GIB Fund			-2539.6	-2709.6	-2569.6	140.0	-30.0
B. Total : (4+...+13)				107905.8	105237.4	103324.9	-1912.5	-4580.8
Grand Total : (A+B)*				108715.0	101889.8	97948.5	-3941.3	-10766.5

Notes: @/ Including other deposits.

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

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 GIB 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-January of FY16

(Taka in Crore)

Sl. No.	Particulars	July-January 2015			July-January 2016			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	3.4	6.1	-3.4	0.0	4.0	3.5	-4.0
2.	5-year Bangladesh Savings Certificate	3868.5	2104.1	1065.2	1764.4	3591.8	1643.8	651.4	1948.0
3.	3-year Savings Certificate	0.0	0.0	0.0	0.0	0.0	11.4	0.0	-11.4
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	0.5	0.0	-0.5	0.0	0.0	0.0	0.0
6.	Family Savings Certificate	8107.0	527.6	1806.9	7579.4	9623.4	2324.1	2552.0	7299.3
7.	3-month interest bearing Savings Certificate	5899.8	1220.6	940.6	4679.2	7385.1	3314.9	1316.1	4070.2
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	5.2	0.5	-5.2
9.	Pensioner Savings Certificate	862.8	722.5	466.8	140.3	1593.3	1001.5	418.5	591.9
10.	Post Office Savings Bank	3560.9	2273.7	549.7	1287.2	4781.8	2827.4	755.8	1954.4
	a) General Account	744.4	670.0	29.1	74.4	951.4	790.7	23.1	160.7
	b) Fixed Account	2816.5	1603.7	520.6	1212.8	3830.4	2036.7	732.7	1793.7
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	53.6	51.5	0.0	2.0	44.7	59.8	0.4	-15.1
12.	Prize Bond	35.6	20.9	8.5	14.7	38.1	24.9	6.8	13.2
13.	Wage Earners' Development Bond	409.2	191.3	480.8	217.9	733.8	127.0	351.1	606.8
14.	3-year National Investment Bond	0.0	0.8	0.2	-0.8	0.0	0.7	0.2	-0.7
15.	US \$ Premium Bond	27.2	26.2	10.7	1.1	18.3	23.6	13.5	-5.3
16.	US \$ Investment Bond	120.7	62.9	36.0	57.7	283.1	122.1	61.2	161.0
17.	Total : (1+...+15)	22945.2	7206.2	5371.4	15738.9	28093.4	11490.4	6130.8	16603.0
					Net		Outstandings as on		Net
					Changes		January 2016		Changes
18.	Govt. Treasury Bills/Bonds		20375.1			2746.7	23637.3		61.3
	i) Government Treasury Bills		138.3			64.5	751.54		-133.2
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		20236.8			2682.2	22885.8		194.5
	a) 2-year Bangladesh Government Treasury Bonds		675.6			187.5	371.85		-493.7
	b) 5-year Bangladesh Government Treasury Bonds		5685.7			670.7	5899.42		30.1
	c) 10-year Bangladesh Government Treasury Bonds		7441.0			1211.7	9458.65		642.6
	d) 15-year Bangladesh Government Treasury Bonds		2611.4			463.7	2973.13		117.3
	e) 20-year Bangladesh Government Treasury Bonds		3823.0			148.6	4182.73		-101.8
19.	Total Non-bank Government Borrowing (net) : (16+17)					18485.7			16664.2

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