

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



January, 2020

**Research Department
Bangladesh Bank**

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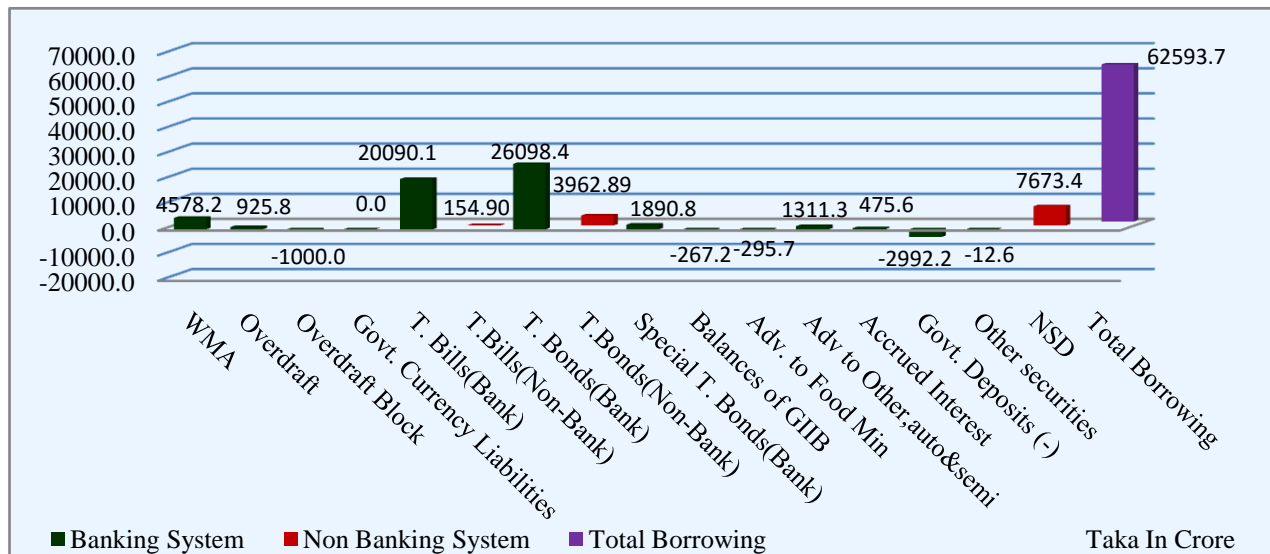
Government Borrowing from Domestic Sources during July-January, 2020

Government borrows from two domestic sources: the banking system and the non-banking system. Banking system includes borrowing through T-Bills, T- Bonds & Special T-Bonds, ways and means advances, overdraft current & block A/C, advances to food & other ministries, accrued interest, advances to autonomous & semi-autonomous bodies, balances of GIIB fund and thereafter netting off government deposits with Bangladesh Bank and Scheduled Banks. On the other hand, the non-banking system comprises of National Savings Certificate and T-Bills & Bonds held by others (i.e. NBFIs, Insurance Companies, Individuals etc.).

In the FY20 budget, total net domestic borrowing of government has been targeted at Tk. 77364.0 crore of which Tk. 47364.0 crore is from banking system and Tk. 30000.0 crore is from non-banking system.

During July-January, 2020, the total net domestic borrowing of government stood at Tk. 62593.7 crore which is 80.9 percent of the total budget target of FY20. Instrument-wise government net domestic borrowing in July-January, 2020 is depicted in Chart-1.

Chart-1: Instrument-wise Government net Domestic Borrowing in July-January, 2020



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

Government borrowed Tk. 52197.1 crore (net) through T-Bills, T-Bonds and Special T-Bonds in July-January, 2020. It is observed that government deposits (net) with the banking system increased by Tk. 2992.2 crore during the period under report. Through NSD instruments, government borrowed Tk. 7673.4 crore during July-January, 2020.

Table 1: Source-wise government net domestic borrowing and comparison with previous month & the same period of the preceding year

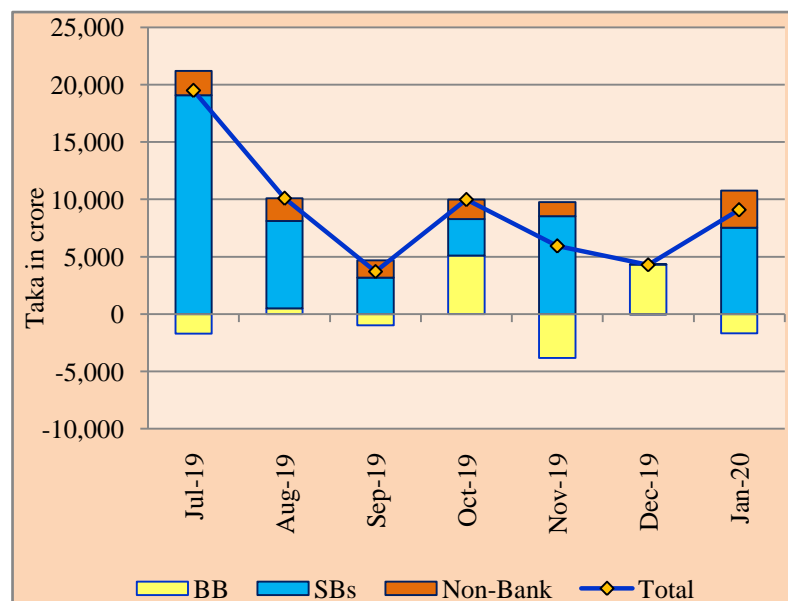
(Taka in Crore)

| Sources | July-January 2019 | July-December 2019 | July-January 2020 | Change over the month | Change over the year |
|-----------------|-------------------|--------------------|-------------------|-----------------------|----------------------|
| | 1 | 2 | 3 | 4=3-2 | 5=3-1 |
| Bank | 3667.1 | 44946.8 | 50802.6 | 5855.8 | 47135.5 |
| Non-bank | 33567.4 | 8567.3 | 11791.1 | 3223.8 | -21776.3 |
| Total | 37234.6 | 53514.1 | 62593.7 | 9079.6 | 25359.1 |

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

In July-January, 2020, total net domestic borrowing of government stood at Tk. 62593.7 crore which was Tk. 37234.6 crore in July-January, 2019. The amount is 68.1 percent higher than that of the same period of the preceding year.

Chart-3: Monthly Trends in Government net Domestic Borrowing from July, 2019 to January, 2020

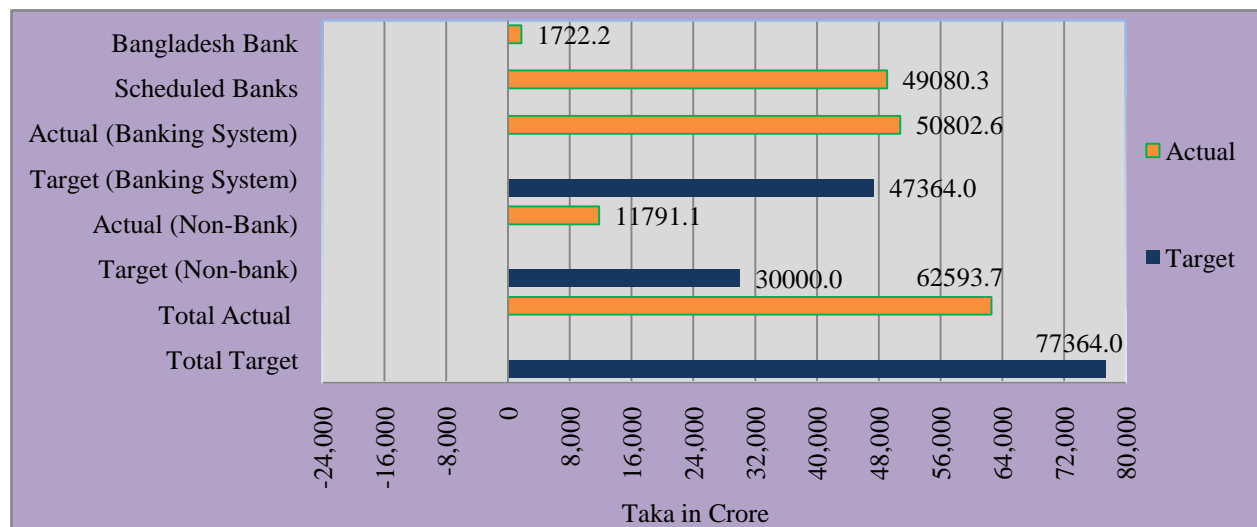


Source: Debt Management Department and Statistics Department, Bangladesh Bank and National Savings Directorate.

In the month of January, 2020, total net domestic borrowing of government stood at Tk. 9079.6 crore (borrowed Tk. 7530.1 crore from SBs and Tk. 3223.9 crore from non-bank and repaid Tk. 1674.4 crore to BB). The amount is Tk. 4776.3 crore higher than that of the month of December, 2019.

A comparative picture of government total budget target and actual domestic borrowing situation in July-January, 2020 is shown in Chart-4. During July-January, 2020, the net borrowing from Bangladesh Bank stood at Tk. 1722.2 crore and from scheduled banks stood at Tk. 49080.3 crore. In July-January, 2020, the government net borrowing from banking system stood at Tk. 50802.6 crore which is 107.3 percent of FY20 budget target.

Chart-4: Budget Target and Actual net Domestic Borrowing of Government in July-January, 2020



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

During July-January, 2020, the actual non-bank borrowing of government stood at Tk. 11791.1 crore which is only 39.3 percent of the budget target of FY20. The total net domestic borrowings of government (banking and non-banking system) stood at Tk. 62593.7 crore during July-January, 2020 which is 80.9 percent (Chart-4) of the total budget target for the FY20.

Concluding Remarks:

- During the period under reports, net domestic borrowings of government from the banking system stood at Tk. 50802.6 crore against the target of Tk. 47364.0 crore of FY20. On the other hand, government borrowed only Tk. 11791.1 crore from non-banking system against target of Tk. 30000.0 crore.
- The net sale of Government Saving Instruments have significantly declined and stood at Tk. 7673.4 crore during July-January, 2020 as compared to Tk. 30996.4 crore in the same period of the preceding year due mainly to introduce automation in the sell process and submission of TIN certificate by the clients.
- The total net domestic borrowings of the Government (banking and non-banking system) stood at Tk. 62593.7 crore during July-January, 2020 which is 80.9 percent of the total budget target of FY20.

Table I : Government Borrowing Position from the Banking System during July-January, FY20

(Provisional)
(Taka in crore)

| Sl. No. | Particulars | Issue and Maturity date | Objectives | Outstanding as on | Outstanding as on | Outstanding as on | Change (+) / (-) | |
|--|---|--|--|-------------------|-------------------|-------------------|------------------|-----------------|
| | | | | 30 June 19 | 31 December 19 | 31 January 20 | January 20 | July-January 20 |
| 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 | 1421.8 | 5113.9 | 6000.0 | 886.1 | 4578.2 |
| 2. | Overdraft | | | 0.0 | 0.0 | 925.8 | 925.8 | 925.8 |
| 3. | Overdraft Block | | | 2685.0 | 1685.0 | 1685.0 | 0.0 | -1000.0 |
| 4. | Devovement | | | 27845.4 | 35440.7 | 32651.6 | -2789.1 | 4806.1 |
| a) | Treasury Bills | | | 14478.4 | 16644.9 | 13855.8 | -2789.1 | -622.7 |
| b) | Treasury Bonds | | | 13367.0 | 18795.8 | 18795.8 | 0.0 | 5428.8 |
| 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 | | | 264.7 | 540.9 | 462.4 | -78.5 | 197.7 |
| 8. | Government Deposits ^{1/} (-) | | | -34.9 | -41.8 | -57.0 | -15.2 | -22.1 |
| 9. | BB's Balances of GIB Fund (-) | | | -2458.3 | -9618.3 | -10221.8 | -603.5 | -7763.5 |
| A. | Total : (1 +...+ 9)* | | | 31750.0 | 35146.7 | 33472.3 | -1674.4 | 1722.2 |
| B. Deposit Money Banks (DMBs) | | | | | | | | |
| 1. Government Treasury Bills | | | | | | | | |
| | i) Treasury Bills (Less than 1 year) | | To increase Government cash balance | 28666.1 | 48162.6 | 49378.9 | 1216.3 | 20712.8 |
| 2. Bangladesh Govt. Treasury Bonds (BGTB) | | | | | | | | |
| | ii) 2-years Bangladesh Govt. Treasury Bonds | | | 112565.7 | 127932.2 | 133235.3 | 5303.1 | 20669.6 |
| | iii) 3-years(FRTB) Bangladesh Govt. Treasury Bonds ^{2/} | | To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies | 11331.4 | 16957.4 | 18649.4 | 1692.0 | 7318.0 |
| | iii) 5-years Bangladesh Govt. Treasury Bonds | | | 112.2 | 112.2 | 112.2 | 0.0 | 0.0 |
| | iv) 10-years Bangladesh Govt. Treasury Bonds | | | 21914.9 | 24629.8 | 26448.9 | 1819.2 | 4534.0 |
| | v) 15-years Bangladesh Govt. Treasury Bonds | | | 39364.9 | 41976.5 | 43574.5 | 1598.0 | 4209.6 |
| | vi) 20-years Bangladesh Govt. Treasury Bonds | | | 20974.1 | 23298.8 | 23508.5 | 209.7 | 2534.4 |
| | vi) 20-years Bangladesh Govt. Treasury Bonds | | | 18868.3 | 20957.6 | 20941.8 | -15.8 | 2073.5 |
| 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-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 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | iii) 25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest ^{3/} | 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. | 3.4 | 1.7 | 1.7 | 0.0 | -1.7 |
| | iv) 12-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest ^{4/} | 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 | 2722.5 | 2722.5 | 0.0 | -100.0 |
| | v) 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 |
| | vi) 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 |
| | vii) 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 |
| | viii) 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 |
| | ix) 07-years Hanif Flyover SPTB-2026 bearing 5.0 percent interest ^{5/} | Issued 30 Sep-2019 and maturity date 30 Sep-2026 | To repay the loan of Hanif Flyover | 0.0 | 1438.5 | 1438.5 | 0.0 | 1438.5 |
| | x) 07-years interest free Hanif Flyover SPTB-2026 ^{5/} | Issued 30 Sep-2019 and maturity date 30 Sep-2026 | | 0.0 | 554.0 | 554.0 | 0.0 | 554.0 |
| 4. Sub-Total : (1+2+3) | | | | 152029.5 | 188783.2 | 195302.7 | 6519.4 | 43273.2 |
| 5. | Prize Bond/Income Tax Bond | | | 25.1 | 23.9 | 12.3 | -11.6 | -12.8 |
| 6. | Government's other Securities | | | 4.4 | 4.6 | 4.6 | 0.0 | 0.2 |
| 7. | Advances to Food Ministry | | | 1262.5 | 301.6 | 966.8 | 665.2 | -295.7 |
| 8. | Advances to Other Ministries | | | 1678.5 | 1568.0 | 1613.7 | -65.7 | -64.8 |
| 9. | Advances to Auto./Semi-Autonomous Bodies | | | 1959.8 | 2728.0 | 3335.9 | 607.9 | 1376.1 |
| 10. | Accrued Interest | | | 2077.3 | 2451.7 | 2355.2 | -96.5 | 277.9 |
| 11. | Deposits of Ministries and Departments (-) | | | -36595.3 | -35389.6 | -33590.3 | 1799.3 | 3005.0 |
| 12. | Deposits of Auto./Semi-Autonomous Bodies (-) | | | -46184.0 | -49594.1 | -52159.1 | -2565.0 | -5975.1 |
| 13. SB's Balances of GIB Fund (i+ii) | | | | 2058.3 | 8988.9 | 9554.6 | 565.7 | 7496.3 |
| | i) Investment to GIB Fund | | | 10529.3 | 13737.3 | 14353.0 | 615.7 | 3823.7 |
| | ii) Borrowing from GIB Fund (-) | | | -8471.0 | -4748.4 | -4798.4 | -50.0 | 3672.6 |
| B. Total : (4+...+13) | | | | 78316.1 | 119866.2 | 127396.4 | 7530.1 | 49080.3 |
| Grand Total : (A+B)* | | | | 110666.1 | 155012.9 | 160687.7 | 5855.7 | 50802.6 |

Notes: @/ Including other deposits.

1/ An amount of Tk. 1.7 crore was paid in July 2019 against the outstanding of Tk. 3.4 crore in June 2019.

2/ 3-Year (FRTB) Bangladesh Govt. Treasury Bond has been issued on 27th March, 2019.

3/ An amount of Tk. 100 crore was paid in September 2019 against the outstanding of Tk. 2822.5 crore in June 2019.

4/ 7-Years Hanif Flyover SPTB was issued on 30 September, 2019 with an amount of 1438.5 crore

5/ 7-Years interest free Hanif Flyover SPTB was issued on 30 September, 2019 with an amount of 554.0 crore

*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 from the Non-Banking system during July-January, FY20

(Taka in Crore)

| Sl. No. | Particulars | July-January, 2019 | | | Net Sale 6 = (3-4) | July-January, 2020 | | | Net Sale 10 = (7-8) |
|---------|--|--------------------|--|----------------|---------------------------------------|--------------------|--|----------------|---------------------------------------|
| | | Sale 3 | Repayment Principal 4 | Interest 5 | | Sale 7 | Repayment Principal 8 | Interest 9 | |
| 1 | 2 | 3 | 4 | 5 | 6 = (3-4) | 7 | 8 | 9 | 10 = (7-8) |
| | NSD Instruments | | | | | | | | |
| 1. | Defence Savings Certificate | 0.0 | 0.3 | 0.4 | -0.3 | 0.0 | 0.3 | 0.4 | -0.3 |
| 2. | 5-year Bangladesh Savings Certificate | 5742.3 | 2559.8 | 488.5 | 3182.5 | 4687.8 | 2474.6 | 721.1 | 2213.2 |
| 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 | 15760.1 | 6229.7 | 6824.2 | 9530.5 | 9412.0 | 12756.7 | 9861.0 | -3344.7 |
| 7. | 3-month interest bearing Savings Certificate | 17043.3 | 6363.8 | 3637.3 | 10679.5 | 7401.5 | 10323.8 | 4233.7 | -2922.4 |
| 8. | Jamanat Savings Certificate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9. | Pensioner Savings Certificate | 3063.0 | 1090.1 | 1325.9 | 1972.9 | 2745.4 | 1271.9 | 1149.2 | 1473.6 |
| 10. | Post Office Savings Bank | 10470.7 | 5536.9 | 1079.8 | 4933.8 | 16059.0 | 6622.2 | 1534.4 | 9436.8 |
| | a) General Account | 1887.8 | 1655.3 | 37.2 | 232.5 | 1944.2 | 1625.6 | 47.9 | 318.6 |
| | b) Fixed Account | 8582.9 | 3881.6 | 1042.6 | 4701.3 | 14114.8 | 4996.7 | 1486.6 | 9118.1 |
| | c) Bonus Account | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 11. | Postal Life Insurance | 56.2 | 51.3 | 16.9 | 4.9 | 65.7 | 60.1 | 19.8 | 5.6 |
| 12. | Prize Bond | 44.8 | 19.7 | 16.8 | 25.1 | 55.1 | 21.6 | 17.9 | 33.5 |
| 13. | Wage Earners' Development Bond | 783.6 | 145.8 | 575.4 | 637.8 | 900.4 | 150.7 | 649.2 | 749.7 |
| 14. | 3-year National Investment Bond | 0.0 | 0.7 | 0.0 | -0.7 | 0.0 | 0.4 | 0.0 | -0.4 |
| 15. | US \$ Premium Bond | 17.6 | 20.5 | 14.7 | -2.9 | 27.9 | 29.9 | 17.3 | -2.0 |
| 16. | US \$ Investment Bond | 284.4 | 251.0 | 130.5 | 33.5 | 164.8 | 134.1 | 75.6 | 30.7 |
| 17. | Total : (1+...+16) | 53265.9 | 22269.6 | 14110.5 | 30996.4 | 41519.6 | 33846.2 | 18279.7 | 7673.4 |
| | | | Outstandings as on January 2019 | | Net Changes July-Jan, 2019 | | Outstandings as on January 2020 | | Net Changes July-Jan, 2020 |
| 18. | Govt. Treasury Bills/Bonds | | 28896.7 | | 2571.0 | | 34404.2 | | 4117.8 |
| | i) Government Treasury Bills | | 1209.13 | | 978.2 | | 1086.80 | | 154.9 |
| | ii) Bangladesh Govt. Treasury Bonds (BGTBs) | | 27687.6 | | 1592.9 | | 33317.4 | | 3962.9 |
| | a) 2-year Bangladesh Government Treasury Bonds | | 111.25 | | -81.1 | | 234.23 | | 107.0 |
| | b) 3-year(FRTB) Bangladesh Government Treasury Bonds | | 0.00 | | 0.0 | | 0.00 | | 0.0 |
| | c) 5-year Bangladesh Government Treasury Bonds | | 6336.37 | | 265.9 | | 6821.34 | | 638.1 |
| | d) 10-year Bangladesh Government Treasury Bonds | | 11484.37 | | 566.6 | | 14078.69 | | 1579.6 |
| | e) 15-year Bangladesh Government Treasury Bonds | | 4709.02 | | 624.1 | | 6006.71 | | 874.4 |
| | f) 20-year Bangladesh Government Treasury Bonds | | 5046.58 | | 217.3 | | 6176.39 | | 763.8 |
| 19. | Total Non-bank Government Borrowing (net) : (17+18) | | | | 33567.4 | | | | 11791.1 |

Sources : National Savings Directorate, Debt Management Department, BB